

Company: Southern California Gas Company

Application: A.25-03-XXX

Exhibit: SCG-01

PREPARED DIRECT TESTIMONY

ON BEHALF OF

SOUTHERN CALIFORNIA GAS COMPANY

EXHIBIT 1

(2028-2031 Portfolio Plan and 2032-2035 Business Plan)

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

March 16, 2026

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Chapter 1	Executive Summary	Andrew Steinberg
Chapter 2	Portfolio Summary	Darren Hanway
Chapter 3	Portfolio Strategy	Darren Hanway
Chapter 4	Forecast Methodology and Zero-Based Budgeting	Simon Cheng
Chapter 5	Portfolio Management	Darren Hanway
Chapter 6	Segmentation & Sector Strategy	Darren Hanway
Chapter 7	Portfolio Coordination	Darren Hanway
Chapter 8	Stakeholder Engagement	Roy Christian
Chapter 9	Evaluation, Measurement & Verification	Roy Christian
Chapter 10	Cost & Cost Recovery (IOUs only)	Simon Cheng
Chapter 11	Recommendations for New or Modified EE Policy	Roy Christian
Exhibit 2	Program Cards	Darren Hanway
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Exhibit 4	Excel Workbooks	Simon Cheng

Attachments	Title
Attachment A	Statement of Qualifications
Attachment B	OP 2 – Statewide Energy Efficiency Program Assessment Criteria

List of Abbreviations

	Acronym
Account Executive	AE
American Council for an Energy-Efficient Economy	ACEEE
Anaheim Public Utilities	APU
Artificial Intelligence	AI
Assembly Bill	AB
Awareness, Knowledge, Attitude and Behavioral	AKAB
Behind-the-Meter	BTM
California Air Resources Board	CARB
California Alternate Rates for Energy	CARE

California Alternative Energy and Advanced Transportation Financing Authority	CAEATFA
California Electronic Technical Reference Manual	eTRM
California Energy Commission	CEC
California Energy Data and Reporting System	CEDARS
California Energy Efficiency Coordinating Committee	CAEECC
California Hub for Energy Efficiency Financing	CHEEF
California Market Transformation Administrator	CalMTA
California Measurement Advisory Council	CALMAC
California Public Utilities Commission	Commission
California Technical Forum	CalTF
Carbon dioxide	CO ₂
Central California Rural Regional Energy Network	CCR REN
Clean Energy Integration Program	CEIP
Codes & Standards	C&S
Combined heat and Power	CHP
Commission on Environmental, Economic and Social Policy	CEESP
Commission's Energy Division, and the California Efficiency + Demand Management Council	CEDMC
Community-Based Organizations	CBOs
Community Choice Aggregator	CCA
Consortium for Energy Efficiency	CEE
Cost-Effective Tool	CET
Customer Electrification Estimator	CEE
Database for Energy Efficient Resources	DEER
Decision	D.
Demand Response	DR
Demand-Side Management Balancing Account	DSMBA
Department of Energy	DOE
Develop Technology Priority Map	TPM
Disadvantage Communities	DAC
Distributed Energy Resources	DER
Diverse Business Enterprise	DBE
Electric Power Research Institute	EPRI
Emerging Technologies	ET
Energy Division	ED
Energy Efficiency Business Plan Application	Application
Energy Savings Assistance	ESA
Equity and Social Justice	ESJ
Evaluation, Measurement & Verification	EM&V
Executive Order	EO
Expected Useful Life	EUL

Full-Time Equivalents	FTE
Gas Emerging Technologies	GET
Gas Technology Institute	GTI
Global Warming Potential	GWP
Green House Gas	GHG
Gross Domestic Product	GDP
Hard-to-Reach	HTR
Heating, Ventilation, and Air Conditioning	HVAC
Implementation Plan Template Guidance	IP Guidance
Independent Evaluator	IE
Inflation Reduction Act	IRA
Injury and Illness Prevention Program	IIPP
Inland Regional Energy Network	I-REN
Innovative Design for Energy Efficiency Applications	IDEEA 365
Integrated Demand Side Management	IDSM
Investor-Owned Utility	IOU
Joint Cooperation Memorandum	JCM
Key Performance Indicator	KPI
Los Angeles Department of Water and Power	LADWP
Market Access Program	MAP
Market Transformation	MT
Market Transformation Administrator	MTA
Medical Baseline	MBL
Metropolitan Water District	MWD
Mid-Cycle Advice Letter	MCAL
Net-to-Gross	NTG
Nitrogen Oxide	NOx
Non-Energy Benefits	NEB
Normalized Metered Energy Consumption	NMEC
North American Industry Classification System	NAICS
On-Bill Financing	OBF
Order Instituting Rulemaking	OIR
Pacific Gas and Electric	PG&E
Point-of-Sale	POS
Portfolio Administrator Sector Coordination	PASC
Portfolio Administrators	PAs
Procurement Review Group	PRG
Program Administrator Cost	PAC
Public Purpose Program	PPP
Public Safety Power Shutoff	PSPS
Public Owned Utilities	POUs
Quality Assurance/Quality Control	QA/QC

Quality Installation/Quality Maintenance	QIQM
Randomized Controlled Trials	RCTs
Ratepayer Impact Measure	RIM
Refrigerant Avoided Cost Calculator	RACC
Regional Energy Network	REN
Reporting Policy Coordination Group	Reporting PCG
Request for Proposal	PFP
Resource Acquisition	RA
Response to Recommendations	RTR
Riverside Public Utilities	RPU
Return on Investment	ROI
San Diego Gas & Electric	SDGE
Self-Generation Incentive Program	SGIP
Senate Bill	SB
Small Business Enterprise	SBE
Societal Cost Test	SCT
Southern California Regional Energy Network	SoCalREN
Source, New Buildings Institute	NBI
Southern California Edison	SCE
Southern California Gas Company	SoCalGas
Statewide Energy Efficiency Team	SWEET
Statewide Plug Load and Appliance	PLA
Strategic Energy Management	SEM
Tariff on-Bill	TOB
Total Resource Cost	TRC
Technology and Equipment for Clean Heating Initiative	TECH
Technology Priority Map	TPM
Total System Benefit	TSB
Tri-County Regional Energy Network	3C-REN
True Up Advice Letter	TUAL
Viable Electric Alternatives	VEA
Workforce Education & Training	WE&T
Zero Emission Appliance Standards	ZEAS
Zero-Based Budgeting	ZBB

1 **OVERVIEW OF EXHIBIT 1 PREPARED BY ANDREW STEINBERG**

2 **I. INTRODUCTION**

3 The purpose of this testimony is to present policy support and recommendations for
4 SoCalGas’s energy efficiency programs Application and budgets for program years (“PYs”)
5 2028-2031 (“Application”). Consistent with current practice, this testimony also supports
6 SoCalGas’s proposed conditional budgets for 2032-2035 which can be expected to be superseded
7 by budgets approved for those years in a future California Public Utilities Commission
8 (“Commission”) proceeding.

9 This testimony chapter is organized in the following sections:

- 10 1. Introduction
- 11 2. SoCalGas energy efficiency portfolio in context
- 12 3. SoCalGas’s proposed energy efficiency portfolio focus areas
- 13 4. Summary of SoCalGas’s 2028 and beyond proposed energy efficiency portfolio
- 14 5. Summary of policy recommendations

15 Details regarding the specific programmatic proposals for SoCalGas’s energy efficiency
16 program portfolio are sponsored within the Application and Exhibit 1 chapters which follow a
17 template provided by the Commission’s Energy Division staff (“ED Staff”).

18 **A. SoCalGas Energy Efficiency Portfolio In Context**

19 As the nation’s largest natural gas distribution utility, SoCalGas delivers safe, reliable and
20 affordable energy to approximately 21.3 million consumers through over 6.2 million meters in 12
21 counties with more than 500 communities, including 234 incorporated cities.¹ The service
22 territory spans approximately 24,000 square miles of diverse climates throughout Central and
23 Southern California, from Tulare County to the Mexican border.

24 SoCalGas supports California’s climate goals and serves the public interest safely,
25 reliably, and affordably.² The energy efficiency programs within SoCalGas’s proposed portfolio

¹ SoCalGas Regulatory Tariffs, List of Cities and Communities Served, *available at*:
<https://tariffsprd.socalgas.com/scg/tariffs/content/?utilId=SCG&bookId=GAS§Id=G-CITIES>.

² More information can be found in SoCalGas’s ASPIRE 2045 Sustainability Strategy, located at
<https://www.socalgas.com/sustainability/aspire-2045>. Additional information on the ways SoCalGas
works to decarbonize the transmission and distribution systems are found in the Company’s annual
sustainability report. *See* SoCalGas Sustainability Report 2024 Highlights, *available at*:
https://www.socalgas.com/sites/default/files/2025-07/ASPIRE-2045_CSR.pdf.

1 serve as a fundamental link in the full-cycle of Greenhouse Gas (“GHG”) reduction opportunities
2 to support California’s decarbonization objectives. In context, SoCalGas incorporates
3 decarbonization into many aspects of its operations and customer offerings, including an
4 increasing amount of decarbonized fuels beyond energy efficiency, like renewable natural gas
5 (“RNG”), through replacement of its fleet with alternative fuel vehicles, and incorporating
6 sustainability into facility construction, renovation and maintenance.

7 End-use, customer-focused efficiency – the programs proposed within this portfolio – is
8 an important way SoCalGas brings its support for decarbonization to customers. Energy
9 efficiency reduces greenhouse gas emissions at the lowest cost and often with the fastest impact,
10 and typically with immediate utility bill savings. Improving efficiency – through measures such
11 as high-performance gas furnaces, tankless water heaters, boilers, advanced industrial process
12 controls, and better building envelopes – not only cuts emissions immediately but also eases the
13 long-term transition toward cleaner alternatives by lowering overall system demand and reducing
14 pressure on pipeline infrastructure.

15 At the same time, energy efficiency is one of the most powerful tools for improving
16 customer affordability. Many households in California rely on natural gas for space and water
17 heating. Efficiency upgrades like improved insulation, smart thermostats, and high-efficiency gas
18 appliances deliver sustained, year-over-year savings by reducing fuel use. For low- and
19 moderate-income (“LMI”) customers, these savings may represent the most feasible opportunity
20 to significantly reduce energy burdens and improve household comfort and safety. For
21 businesses, industrial and commercial customers benefit from lower operating costs and
22 improved productivity. As a result, natural gas efficiency programs serve as a highly
23 cost-effective strategy that supports both climate goals and long-term affordability for businesses
24 and consumers.

25 SoCalGas’s vision as an energy efficiency Portfolio Administrator is for its programs to
26 continue making meaningful contributions to California’s GHG emissions reduction goals in
27 support of decarbonization, while also aiding energy affordability for all customer segments
28 through innovative program design and solutions. To support these aspirations, SoCalGas will
29 also continue to focus on the development of pilot programs for non-pipeline alternatives, non-
30 traditional energy efficiency, and/or increasingly decarbonized fuels. As discussed below,
31 SoCalGas’s programs serve as a bridge between affordability and California’s net zero
32 objectives, providing a pathway for both near- and long-term decarbonization.

1 Consistent with that focus, SoCalGas proposes a portfolio that is estimated to provide a
 2 consistently high level of benefits at a lower total cost to its customers.

3 SoCalGas has been a reliable steward of energy efficiency programs, serving California
 4 and its customers initially through conservation programs in the 1970s, with efficiency as a
 5 foundational pillar of the company’s sustainability strategy. In this Application, SoCalGas
 6 proposes a portfolio of energy efficiency programs that can meet or exceed decarbonization
 7 goals, along with proposed adjustments to policies intended to support Portfolio Administrators
 8 to reduce costs and implement new energy savings opportunities.

9 The current portfolio of SoCalGas programs was adopted in the Commission’s Decision
 10 (“D.”) 23-06-055, covering budgets for PYs 2024-2027 and conditional approval for the
 11 subsequent 4-year program cycle of 2028-2031. SoCalGas’s current authorized portfolio budgets
 12 are provided for reference in Table 2.1 below.³

13 **TABLE 2.1 (\$ Millions)**

Segment	2024	2025	2026	2027	Cumulative
Resource Acquisition	\$99.9	\$99.8	\$99.7	\$99.7	\$399.2
Market Support	\$22.0	\$22.2	\$22.1	\$22.1	\$88.3
Equity	\$23.9	\$24.0	\$24.1	\$24.1	\$96.0
Codes & Standards	\$1.8	\$1.8	\$1.8	\$1.8	\$7.0
EM&V	\$6.2	\$6.2	\$6.2	\$6.2	\$24.6
Subtotal	\$153.8	\$153.8	\$153.8	\$153.8	\$615.2
ED Portfolio Oversight	\$0.2	\$0.2	\$0.2	\$0.2	\$0.7
Total	\$154.0	154.0	154.0	154.0	\$615.9

14 Source: SoCalGas Advice Letter 6209-G-A, Energy Efficiency True-Up Advice Letter Requirement per
 15 D.23-06-055.

16 During the first years of the current program cycle, SoCalGas has continued its long-
 17 standing record of meeting or exceeding its goals in a cost-effective manner, demonstrating how
 18 energy efficiency can simultaneously advance customer affordability and emissions reduction
 19 objectives. For PY 2024, SoCalGas reported over 50 million net therms in savings, generating
 20 approximately \$173 million in Total System Benefit (“TSB”),⁴ representing 105 percent of the

³ Does not include funding collected on behalf of RENs. Note the budgets are subject to update per the Mid-Cycle Advice Letter process, SoCalGas Advice Letter (AL) No. 6559-G dated November 4, 2025.

⁴ TSB is defined as is an expression, in dollar value, of the lifecycle energy, capacity, and GHG benefits of a utility’s energy efficiency program portfolio. The metric encourages programs to target “high value” load reduction and longer-duration energy savings while being fuel agnostic. See Commission Press Release, *CPUC Better Aligns Energy Efficiency Programs To Reduce GHG*

1 annualized goal. These outcomes translated to more than 260,000 net metric tons of avoided
2 carbon dioxide (“CO₂”) emissions,⁵ achieved at a Resource Acquisition segment cost
3 effectiveness of 1.76.⁶ SoCalGas is on track for comparable performance in PY 2025 and
4 continues to estimate exceeding the cumulative PY 2024-2027 program cycle goal.

5 The performance of the current program cycle underscores the role of SoCalGas’s energy
6 efficiency portfolio as a practical bridge between affordability and decarbonization, particularly
7 given the scale at which these programs can reach customers today. Over the past 5 years alone,
8 SoCalGas energy efficiency programs have delivered over \$2.3 billion in avoided energy costs,
9 including an estimated \$430 million in annual customer bill savings, while also producing
10 substantial and verifiable emissions reductions. This combination of near-term bill relief and
11 measurable carbon benefits reflects the unique ability of gas energy efficiency to deliver climate
12 progress in a way that remains grounded in customer affordability.

13 In the same time frame referenced above, SoCalGas energy efficiency programs delivered
14 more than 235 million therms in energy savings, enough to power an estimated 587,000
15 households a year, and reducing GHG by more than 1.25 million metric tons, the equivalent of
16 removing nearly 290,000 gasoline-powered cars from the road.⁷ These results were achieved
17 through serving over 2 million residential and business customers with energy-efficient solutions,
18 who may have otherwise acted in less efficient pathways to meet their energy needs.

19 To amplify impact, SoCalGas leverages its utility-implemented programs to foster
20 participation in electric and water efficiency. At the time of this testimony, SoCalGas partners
21 with 16 municipal or publicly owned utilities and water agencies throughout its service territory
22 to implement energy efficiency and low-income energy efficiency programs, including joint
23 programs that provide gas, electric, and/or water efficiency measures. This approach has many
24 benefits, including increasing customer access and participation, increasing convenience and
25 market penetration, increasing the speed of delivering programs, and realizing cost efficiencies
26 through streamlined program management and use of existing program infrastructure. For an

Emissions, Support Equity, And Increase Grid Stability (May 20, 2021), available at:
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M385/K242/385242131.PDF>.

⁵ SoCalGas 2024 Energy Efficiency Annual Report Narrative at 2.

⁶ SoCalGas 2024 Energy Efficiency Annual Report Spreadsheet Table T-4.

⁷ Conversion performed using U.S. Environmental Protection Agency’s “Greenhouse Gas Equivalencies Calculator” available at: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>.

example of these impacts, SoCalGas informally estimates contributing to average annual savings of up to 1.3 billion gallons of water each year from domestic use in Southern California through the partnered activities. An added benefit is sharing best practices with partners, and aiding and receiving help from other administrators who are striving for shared environmental goals.

SoCalGas’s performance as an EE portfolio administrator in recent years is provided in Table 2.2 below.

TABLE 2.2

Performance Metric	2020	2021	2022	2023	2024
Therms Saved	46.5	43.7	44.1	47.4	
Therm Savings Goal	34.0	36.0	38.0	43.0	
Therm Goal Performance	137%	121%	116%	110%	
TSB Achieved					\$172.8 MM
TSB Goal (Annualized)					\$164.4 MM
TSB Goal Performance					105%
TRC Cost-Effectiveness	1.52	2.46	2.28	2.58	1.76
Metric Tons of CO ₂	267,000	254,000	259,000	250,000	260,000

Note: Therms shown in MMth. TRC shown reflects total portfolio including C&S for PY 2020-2023 and resource acquisition for PY 2024.

Sources: SoCalGas EE Annual Reports, 2020-2024.

While demonstrating proficiency in meeting annual goals, SoCalGas is also driven to deliver a positive customer experience (“CX”), which includes aiding customers to select the most efficient option when replacing natural gas equipment and performing other renovations, and supporting energy reliability and affordability. In recent years SoCalGas has implemented service level enhancements aimed at reducing administrative and implementation costs, including the expansion of services available through the residential Marketplace program, arranging electronic payments to significantly diminish the processing time and cost of residential rebate payments, and establishing measure sourcing arrangements with the aim of lowering program costs.

One example of this was the transition from paper-based rebate payments for the Residential Energy Efficiency Program (“REEP”) to an electronic disbursement platform that allows participants to select their preferred payment method. After rebate applications are processed, customers receive an email directing them to a secure website where they can choose to receive their rebate via digital credit card, prepaid physical credit card, or traditional paper check. Since implementation in April 2024, approximately 80 percent of customers have selected the previously unavailable digital or prepaid card options, which routinely deliver funds within

1 1–2 days, improving the end-to-end rebate experience and reducing anxiety regarding payment
2 status. These methods also lower the risk of lost or stolen checks and enhance equity and
3 accessibility by better serving unbanked and mobile-first customers. This CX enhancement has
4 likewise reduced operating costs, generating over \$600,000 in net savings and avoided costs
5 through February 2026 from the prior rebate fulfillment process.

6 As described further in Section 4 below, SoCalGas proposes to streamline and simplify
7 its portfolio of energy efficiency programs, taking it from over 70 to approximately 45 programs
8 to continue taking actions that improve CX and reduce costs. This is expected to support ease of
9 participation, while maintaining opportunities for each customer segment to participate.

10 As a reflection of overall performance, SoCalGas was awarded an ENERGY STAR[®]
11 “Partner of the Year” award in both 2023 and 2024 by the United States Environmental
12 Protection Agency, Climate Protection Partnerships Division, the only California utility to
13 receive this distinction. This award recognizes partner businesses and organizations in good
14 standing that demonstrate superior leadership, innovation, and commitment to environmental
15 protection through energy efficiency and the ENERGY STAR[®] brand.

16 **B. SoCalGas’s Proposed Energy Efficiency Portfolio Focus Areas**

17 At a time when affordability and environmental outcomes are central priorities for
18 legislative and regulatory bodies, it is increasingly important for energy efficiency portfolio
19 administrators to focus on programs that deliver both environmental benefits and affordability
20 through bill savings.⁸

21 *Environmental benefits* SoCalGas’s proposals are consistent with the long-standing
22 practice in California to prioritize energy efficiency as first in the loading order of demand-side
23 planning, and the most cost-effective means for addressing energy resource needs.⁹ It is also
24 consistent with the statutory objective to pursue all cost-effective energy efficiency opportunities
25 over both short- and long-term horizons.

⁸ SoCalGas recognizes there is a focus, generally, whether to provide incentives for natural gas energy efficiency programs where there are viable electric alternatives (“VEAs”). This testimony does not address the matters in scope of that pending proposal and process, rather the intent is to present to the Commission and program stakeholders a portfolio of programs aimed to support environmental goals and affordability, understanding that SoCalGas programs may be amended pursuant to any VEA decision.

⁹ See, Commission Energy Efficiency Policy Manual, Version 6.0 (April 2020) at 9-10, available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/eepolicymanualrevised-march-20-2020-b.pdf>

1 SoCalGas’s prioritization of energy efficiency demand-side activities comports with
2 global best practices for the most cost-effective methods of GHG reduction. The influential
3 “Global GHG Abatement Cost Curve” study first published in 2007 by McKinsey & Company¹⁰
4 sought to study the economics of economy-wide decarbonization. The study found that energy
5 efficiency has the largest potential for GHG abatement, as well as being among the most cost-
6 effective options, with a net economic benefit over the lifetime of the measures. While the
7 original study is now almost 20 years old, McKinsey has updated the modeling across different
8 global regions and the entire model again in 2010, with the efficiency findings continuing to hold
9 true.

10 The “efficiency-first” scientific finding was also reported by the International Energy
11 Agency (“IEA”) Sustainable Development Scenario, stating “Energy efficiency represents more
12 than 40% of the emissions abatement needed by 2040... Energy efficiency is the ‘first fuel’:
13 reining in the scale of this unprecedented challenge, supporting net zero energy goals at lower
14 costs, and delivering a wide array of benefits for society.”¹¹

15 The Commission and environmental advocates have long shared this view, consistently
16 treating energy efficiency as foundational. As the Commission stated in its 2008 California
17 Long-Term Energy Efficiency Strategic Plan (“CLTEESP”), “Cost-effective energy efficiency is
18 the resource of first choice for meeting California’s energy needs,” describing efficiency as “the
19 least cost, most reliable, and most environmentally-sensitive resource.”¹² That conclusion was
20 grounded in statute, reflecting Public Utilities Code section 454.5(b)(9)(C), which requires
21 utilities to meet unmet resource needs “through all available energy efficiency and demand
22 reduction resources that are cost effective, reliable, and feasible.”¹³ With three decades of

¹⁰ McKinsey & Company, *Pathways to a Low-Carbon Economy - Version 2 of the Global Greenhouse Gas Abatement Cost Curve* (2009), available at: <https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Sustainability/Our%20Insights/Pathways%20to%20a%20low%20carbon%20economy/Pathways%20to%20a%20low%20carbon%20economy.pdf>

¹¹ IEA, *How energy efficiency will power net zero climate goals* (March 29, 2021), available at: <https://www.iea.org/commentaries/how-energy-efficiency-will-power-net-zero-climate-goals>

¹² Commission, *California Long-Term Energy Efficiency Strategic Plan: Achieving Maximum Energy Savings in California for 2009 and Beyond* (September 2008) at 1, available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/e/5305-eestrategicplan.pdf>.

¹³ *Ibid.*, at 1.

1 leadership and innovation, the Commission has emphasized that California “leads the nation, and
2 perhaps the world, in developing and implementing successful energy efficiency efforts.”¹⁴

3 That framing has only grown more salient over time. As the CLTEESP observed, “[W]ith
4 a growing population, increasing demand for energy, and the pressing need to reduce greenhouse
5 gas emissions in a rapid and low-cost manner, there has never been a more important time for
6 energy efficiency in California.”¹⁵ More recently, Commissioners have reaffirmed that this
7 commitment is not historical but ongoing. In 2023, Commissioner Houck underscored that the
8 Commission’s actions “continue California’s decades-long commitment to pursuing energy
9 efficiency as the first and best choice for energy procurement.”¹⁶ Commissioner Shiroma
10 likewise emphasized that the Commission’s “award-winning energy efficiency program” is
11 delivering “real results in lowering energy use by both residential and commercial customers,”
12 while advancing equity by extending benefits to “hard-to-reach and underserved communities.”¹⁷

13 Environmental advocates have historically reached similar conclusions regarding energy
14 efficiency when assessing cost, speed, and customer impact. The Natural Resources Defense
15 Council has stated that “energy efficiency continues to be the cheapest, fastest, and cleanest
16 resource that saves customers money on their energy bills,”¹⁸ and has supported “energy
17 efficiency as the state’s first energy resource” as central to achieving California’s long-term
18 energy and climate goals.¹⁹ The Sierra Club has echoed this assessment in formal, board-adopted
19 policy, stating that “energy efficiency ... is the foundation on which all of our other
20 recommendations are based,”²⁰ and that “the path to a sustainable energy future starts by
21 promoting energy conservation, tapping the enormous resource of energy efficiency.”²¹

¹⁴ *Ibid.*, at 1.

¹⁵ *Ibid.*, at 2.

¹⁶ Commission, *CPUC Adopts Milestone Investment in Energy Efficiency to Expand GHG Reduction and Equity Inclusion Efforts*, available at: <https://www.cpuc.ca.gov/news-and-updates/all-news/cpuc-adopts-milestone-investment-in-energy-efficiency-2023>.

¹⁷ *Ibid.*

¹⁸ CPUC, Comments by Natural Resources Defense Council on the 2009 Integrated Energy Policy Report: Assembly Bill 2021 Implementation, Docket No. 09-IEP-1F (June 30, 2009) at 3.

¹⁹ CPUC, Comments by Natural Resources Defense Council on the Joint Agency Workshop on the Governor’s Energy Efficiency Goals, Docket No. 15-IEPR-05 (July 20, 2015) at 1.

²⁰ Sierra Club, Energy Resources Policy (as amended through Apr. 21, 2016) at 11, available at: https://www.sierraclub.org/sites/default/files/Energy-Resources-policy_0.pdf.

²¹ *Id.*

1 As public conversation and solutioning around the meaning and implications of
2 California’s decarbonization goals advance, SoCalGas continues in its belief of the positive role
3 of natural gas energy efficiency programs in supporting the state’s goals.

4 California legislation and regulation both define natural gas efficiency as part of
5 decarbonization,²² and SoCalGas’s proposed energy savings goal is based upon the
6 Commission’s most recent Potential & Goals (“P&G”) study.²³ In the 2022 Scoping Plan
7 Update, California Air Resources Board’s “AB 32 GHG Inventory Sectors Modeling Data
8 Spreadsheet” shows a continued use of natural gas in residential and commercial buildings
9 through at least 2045.^{24, 25,26} Facilitating natural gas efficiency, therefore, continues to be an
10 essential activity with multi-faceted benefits for the foreseeable future

11 A number of other states with aggressive environmental goals have asked questions about
12 the value of gas efficiency while pursuing decarbonization objectives, including Maryland,
13 Michigan, and Rhode Island. In Maryland, when statutory changes shifted the EmPOWER
14 program toward GHG reductions and beneficial electrification,²⁷ the Maryland Public Service

²² Recently enacted Assembly Bill (AB) 737 defines a “decarbonization upgrade” as any upgrades to a residential property that “reduces the demand for energy” or “reduces the use of fossil fuels” [Pub. Util. Code § 8376(b), as amended by AB 737 (Quirk-Silva, 2025), effective Jan. 1, 2026]. Public Utilities Code § 400.3 defines “decarbonization strategies” as “actions undertaken to reduce or eliminate emissions of greenhouse gases.” This definition is in the context of green electrolytic hydrogen for energy storage.

²³ See, D.25-08-034 and description of SoCalGas’s proposed goal in Section 4, below.

²⁴ The California Air Resources Board (“CARB”) develops the comprehensive statewide economic roadmap for GHG emissions reductions. See, AB 32 GHG Inventory Sectors Modeling Data Spreadsheet available at: <https://ww2.arb.ca.gov/sites/default/files/2022-11/2022-sp-PATHWAYS-data-E3.xlsx>.

²⁵ An assumed continued use of natural gas remains valid even as utilities decarbonize through programs like Senate Bill 1440 and explore the potential for hydrogen blending in the existing pipelines. The 2022 Scoping Plan Update assumes RNG is blended into the existing pipelines in the 2030s and renewable hydrogen is blended at 7 percent energy ramping up from 2030 to 2040. CARB, Final 2022 Scoping Plan Update, Appendix C: 197 Measure Analysis (November 2022) at 18, available at: <https://ww2.arb.ca.gov/sites/default/files/2022-11/2022-sp-appendix-c-ab-197-measure-analysis.pdf>.

²⁶ Current CARB assumptions show a decline in natural gas in 2045 driven in large part by statewide zero emissions space and water heating regulations beginning in 2030. However, CARB shared in a December 2025 workshop that they are now considering a credit market approach to encourage (but not eliminate) sales of zero-emission equipment. Although the approach is under development, if adopted residential and commercial buildings may still rely on natural gas to meet their energy needs.

²⁷ Maryland General Assembly. *Energy Efficiency and Conservation Plans* (H.B. 864, 2024 Regular Session), Chapter 539 (EmPOWER Maryland Energy Efficiency Act).

1 Commission declined to eliminate natural gas appliance incentives, citing legislative intent, the
2 continued existence of gas savings goals, and the risk of disproportionate impacts on limited-
3 income customers.^{28, 29} The Maryland Public Service Commission’s findings emphasized that
4 high-efficiency natural gas incentives continue to deliver emissions reductions while supporting
5 customer affordability and program balance.³⁰ Subsequent analysis demonstrating materially
6 higher costs, rate impacts, and reduced cost-effectiveness under a no-gas-incentive portfolio
7 reinforced the conclusion that natural gas efficiency programs continue to be a viable strategy to
8 meet decarbonization objectives.³¹

9 Taken together, energy efficiency’s record is unambiguous. Across statute, the
10 Commission’s decisions, the long-standing assertions of environmental organizations, and
11 decisions in other states with similar decarbonization goals, energy efficiency is consistently
12 identified as the first, best, and lowest-cost resource for meeting California’s energy needs,
13 reducing emissions, and delivering measurable bill savings to customers. This conclusion has
14 been applied across end uses and fuels, including natural gas, where efficiency programs have
15 long provided some of the most immediate and cost-effective opportunities for customer savings
16 and emissions reductions. The consistency of this framing over time and across perspectives
17 reflects experience rather than ideology. It is the foundation upon which California’s energy
18 policy has been built, and it remains a resource that continues to deliver substantial value to
19 customers and to the State. SoCalGas remains committed to its role as a resource delivering such
20 substantial value to customers.

21 **Affordability** Natural gas efficiency programs remain highly effective, with the proposed
22 portfolio estimated to provide approximately \$900 million in TSB resulting from \$600 million of
23 EE spending during 2028 - 2031, with a forecasted cost-effectiveness of 1.88. SoCalGas has a

²⁸ Maryland’s EmPOWER threshold for “limited-income” as of January 2026 for a family of four is an annual income of \$104,200. *See*, Maryland.gov, EmPOWER Maryland Limited Income Energy Efficiency Program, available at: <https://dhcd.maryland.gov/Energy-Home-Repair/Pages/Homeowner-Grants/EmPOWER.aspx>.

²⁹ Order No.91461 on Revised 2024-2026 EmPOWER Plans, Semi-Annual Reports, and Work Group Reports, at 14-18. Case No. 9705 (ML 314502), available at: https://www.psc.state.md.us/wp-content/uploads/Order-No.-91461_2024Q1Q-9705.pdf.

³⁰ *Id.* at 17.

³¹ Alternative EmPOWER Energy Efficiency and Conservation Plan. Case No 9705 (ML 321580), item no. 300, at 6-8, available at: <https://webpscxb.psc.state.md.us/DMS/case/9705> [webpscxb.psc.state.md.us].

1 consistent history of meeting its EE portfolio goals and expects to deliver these important
2 benefits over the four-year program cycle.

3 Long before affordability and equity emerged as explicit focal points in today’s policy
4 discourse, SoCalGas’s programs and planning have been grounded in maintaining access to
5 reliable, lower-cost energy for all customers, particularly those most sensitive to bill impacts.
6 Recently, there has been an increased emphasis on affordability across the nation, in the state of
7 California, and more specifically at the Commission in its role regulating IOUs.³² It is generally
8 recognized that increases to the cost of basic services and goods has amplified financial pressure
9 upon households.³³ Having highly efficient gas appliance options for all customers and
10 particularly for those with limited access to capital, aids households and businesses to reduce
11 natural gas consumption, thereby helping them save money, as well as decarbonize.

12 One goal of the SoCalGas energy efficiency portfolio is to support customers to purchase
13 the most efficient model of their chosen appliance type across a variety of price points, and
14 particularly to support LMI customers and Californians making home improvement decisions
15 based on personal economic considerations. Table 3.1 below shows the cost differential between
16 different appliances of varying efficiencies.³⁴ The data show that ENERGY STAR® appliances
17 are about 10% more expensive to purchase and install than the equivalent code appliance, while
18 very high efficiency appliances are as high as 76% more expensive than a code equivalent model

³² The State of California has repeatedly asserted its commitment to energy affordability prioritization through the CPUC docket R.18-07-006 “Order Instituting Rulemaking to Establish a Framework and Processes for Assessing the Affordability of Utility Service,” and Governor Newsom’s Executive Order (EO) N-5-24 on October 30, 2024 that asked the Commission to take immediate action to reduce electric bills. See, <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>. At the federal level, the focus on affordability continues with executive orders that focus on reliable, diverse, and affordable energy supply: “Unleashing American Energy” Executive Order 14154, January 20, 2025. See, <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>.

³³ The Consumer Price Index (CPI) is up 2.7% year-over-year (most recent data, from December 2025), with food and other non-energy items raising faster than consumer energy costs (2.3%). See U.S. Bureau of Labor Statistics. [Consumer Price Index News Release - 2025 M12 Results](#). Looking specifically at the metro Los Angeles – Long Beach – Anaheim area, prices are growing faster (3%) than the 2.7% national average, with food and energy costs rising higher than the local average. See U.S. Bureau of Labor Statistics (January 2026) *Consumer Price Index, Los Angeles–Long Beach–Anaheim, CA — January 2026* (Los Angeles area CPI). Retrieved from https://www.bls.gov/regions/west/news-release/consumerpriceindex_losangeles.htm.

³⁴ U.S. Energy Information Administration (EIA), *Updated Buildings Sector Appliance and Equipment Costs and Efficiencies* (March 2023). Prepared by Guidehouse and Leidos for the EIA, available at: <https://www.eia.gov/analysis/studies/buildings/equipcosts/pdf/full.pdf>

(in the case of a natural gas storage water heater). While customers will likely experience a positive payback from the efficiency gains of fuel utilization, cost-conscious customers or those with limited budgets may need the encouragement that efficiency incentives provide. Furthermore, a natural gas appliance replacement is often a less expensive project up-front (particularly if a panel upgrade is required) as well as in ongoing operational costs.³⁵ SoCalGas believes that customers will make decisions that best meet their economic and practical realities, with energy efficiency incentives serving to cover the first-cost gap of purchasing equipment that operate at higher efficiencies.

TABLE 3.1

Appliance	Efficiency	Installed Cost (2022 data)
Natural Gas Furnace	Code (80% AFUE)	\$3,690
	ENERGY STAR (90% AFUE)	\$4,130
	Very high efficiency (99% AFUE)	\$4,320
Air-Source Heat Pump	Code (8.2 HSPF)	\$6,730
	ENERGY STAR (8.5 HSPF)	\$6,810
	Very high efficiency (12.4 HSPF)	\$8,620
Natural Gas Storage Water Heater	Code (0.61 UEF)	\$740-\$1,690
	ENERGY STAR (0.66 UEF)	\$800-\$1,850
	Very high efficiency (0.84 UEF)	\$1,140-\$3,130
Natural Gas Tankless Water Heater	Code (0.81 UEF)	\$920-\$2,860
	ENERGY STAR (0.87 UEF)	\$950-\$3,140
	Very high efficiency (0.97 UEF)	\$1,090-\$3,230
Heat Pump Water Heater	ENERGY STAR (3.30 UEF)	\$870-\$2,230
	Very high efficiency (3.73 UEF)	\$980-\$2,450

Note: Some homes may require an electrical panel upgrade for electric appliances that would require additional capital outlay.

To further illustrate the benefits available at a customer-project level, SoCalGas has prepared an example of a common energy efficiency project, relacing an aging storage water heater for a high efficiency instantaneous (i.e., tankless) water heater.

It is helpful to note that swapping out a lower efficiency tank water heater with a high efficiency tankless model typically does not require new piping, electric upgrades, or the need to

³⁵ CARB, Residential Appliance Comparison. For example, the Estimated Monthly Cost to Operate Appliances shows that the estimated monthly costs of a natural gas furnace is slightly lower than a heat pump, and a natural gas storage and tankless water heaters are less expensive than an electric heat pump water heater. See, <https://ww2.arb.ca.gov/capp/cst/tch/residential-appliance-comparison>.

1 move the water heater to a new location. If a residential customer replaces a 40 gallon 0.58
2 Uniform Energy Factor (“UEF”) water heater with an ENERGY STAR® certified gas tankless
3 water heater, the customer’s GHG emissions would decrease by 50 percent from 0.96 metric ton
4 CO2e/year to 0.48 metric ton CO2e/year.³⁶ The monthly utility bill would also decrease by 50
5 percent from \$23.60 to \$11.81 for the appliance.³⁷ In an average California home, about 55
6 percent of the gas use is for heating water.³⁸ By reducing the operational costs associated with
7 this one appliance, it significantly changes residents’ natural gas utility bills.

8 As the measures captured in Table 3.1 and the detailed example of the tankless water
9 heater replacement illustrate, SoCalGas’s programs can continue to play a key role in deciding
10 what equipment to purchase, helping to steer the customer toward more efficient choices,
11 reducing first cost concerns through incentives, and placing downward pressure on energy
12 burden.

13 As discussed further below, SoCalGas has also developed a proposed portfolio that is
14 forecasted to meet goals with a lower budget. The proposed SoCalGas revenue requirement of
15 \$580 million over the 4-year program cycle³⁹ is approximately \$100 million less than what was
16 preliminarily authorized budget of \$674 million for the 2028-2031 period.⁴⁰ Mindful of the
17 challenges customers are experiencing with affordability, SoCalGas prioritized a proposal that
18 strikes a balance between decarbonization and affordability, for both participating and non-
19 participant customers. Approving the SoCalGas proposal at the requested levels takes on
20 additional significance because the Regional Energy Networks (“RENs”) in its service territory
21 provided information for bill noticing purposes that include substantial increases compared to

³⁶ Energy savings derived from the Energy Efficiency Measure Package Tankless Water Heater, Residential (SWWH013-05). GHG equivalency calculated per the CPUC, California Energy Data and Reporting System (CEDARS), *available at*: <https://cedars.cpuc.ca.gov/>

³⁷ Energy savings derived from the Energy Efficiency Measure Package Tankless Water Heater, Residential (SWWH013-05). Bill impacts assume a 24-month average commodity price and current Transportation rates as of October 2025.

³⁸ California Energy Commission (CEC), 2019 California Residential Appliance Saturation Study (RASS), Volume 2: Results, Table 33: Gas UECs by Residence Type for All Households and for Households with Gas Account Data (July 2021) at 29, *available at*: <https://www.energy.ca.gov/sites/default/files/2021-08/CEC-200-2021-005-RSLTS.pdf>

³⁹ Value shown is the net result of the proposed portfolio budget and estimated uncommitted and unspent funds from the prior program cycle.

⁴⁰ D.23-06-055 Table 9 at 95.

1 amounts collected on their behalf that are currently included in customer rates. If approved,
2 those increases would more than offset the decrease proposed by SoCalGas.

3 **C. Summary Of SoCalGas’s 2028 And Beyond Proposed Energy Efficiency**
4 **Portfolio**

5 For the 2028-2031 program cycle, SoCalGas proposes budgets, with the estimated TSB and
6 cost-effectiveness summarized in Table 4.1 below.⁴¹

7 **TABLE 4.1 (\$ Millions)**

Year	Budget	Forecasted TSB	TRC*
2028	\$150	\$211	1.78
2029	\$150	\$220	1.84
2030	\$150	\$231	1.92
2031	\$150	\$242	2.00
Total	\$600	\$904	1.88

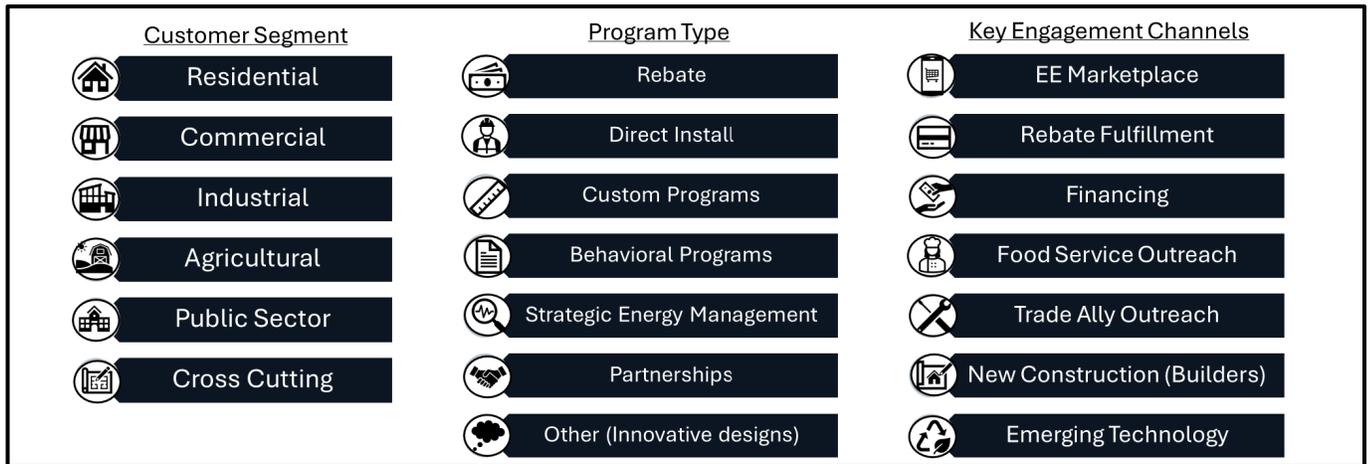
8 * TRC reflects the Resource Acquisition segment cost-effectiveness.

9 To prepare the proposal, SoCalGas performed an assessment of its programs and found
10 opportunities to simplify and streamline portfolio delivery, improve CX, and amplify the value
11 delivered to customers and in environmental benefits.

12 ***Simplify and Streamline:*** During the current program cycle, SoCalGas evolved into a
13 portfolio of 73 chosen, required, and market-responsive programs, which have provided
14 participation opportunities for each customer segment through a variety of program delivery and
15 engagement channels. See Graphic 4.1 for an illustration of SoCalGas’s current portfolio
16 composition.

⁴¹ Budgets for all PYs of the Business Plan (2028-2031) can be found in Exhibit 1, Chapter 2. More detailed information is available in Exhibit 4.

Graphic 4.1 – SoCalGas’s EE Program Types



While this approach has been successful toward meeting specific program as well as portfolio objectives, the requirements for administering this portfolio, with the additional complexity of ensuring 60 percent of the budget is dedicated to third-party implementers have been considerable. Recognizing one of the motivations for the third-party model was to deepen the pool of talent and ideas among energy efficiency program providers,⁴² SoCalGas has found that performing the Request for Proposals (“RFP”), third party onboarding, and program launching activities requires substantial time and resources to execute proficiently. To strike a better balance between program diversity and administrative efficiency, SoCalGas’s proposal consolidates programs within sectors, where possible, by program type, going from over 70 to 44 programs. SoCalGas proposes to continue serving each program sector but anticipates fewer administrative costs with the streamlined approach, greater ease communicating with customers, and improving upon the time it takes between Commission decisions and program launch. SoCalGas will leverage having a streamlined portfolio by striving to increase program-specific familiarity through communications and simplifying participation choices.

Amplify Value The Commission’s long-standing requirement for Investor Owned Utility (“IOU”) Portfolio Administrators is for the combination of energy efficiency programs to be cost-effective at the portfolio-level.⁴³ In concept, this supports having a well-rounded series of energy efficiency offerings, as some programs require time to mature and reach cost-effective outcomes, and others have meritorious objectives that are not financial or may be challenging to

⁴² D.16-08-019 at 70.

⁴³ *The Electric Utility Industry Restructuring*: AB 1890. California Legislature, 1996.

1 quantify. While SoCalGas continues to support this measurement standard, in preparing this
2 proposal SoCalGas explored opportunities to increase the cost-effectiveness of each program to
3 amplify the value delivered at a micro (i.e., program) and macro (i.e., portfolio) level.

4 In the first step of the portfolio development process, SoCalGas determined it was
5 necessary to augment the TSB goal adopted in D.25-08-034.⁴⁴ Assuming that current practices
6 for TSB goals will continue, SoCalGas needs to anticipate material changes to the P&G Study
7 because the next iteration will be released in 2027, supersede the current study, and serve as the
8 source to establish SoCalGas’s energy efficiency goals at the onset of the next program cycle.
9 SoCalGas observed in the current P&G study a substantial decline in TSB beginning in PY 2030
10 due to an assumption of regulations prohibiting the installation of new natural gas equipment,
11 largely in residential and commercial water heating.⁴⁵ However, such regulations have not been
12 adopted, and policy proposals in this area continue to evolve (See footnote 26, above).
13 Accordingly, as described in Exhibit 1, Chapter 4, SoCalGas proposes a TSB goal for the 2028-
14 2031 period based upon the P&G study that is adjusted to reflect the evolving circumstances. The
15 proposed budget reflects the funding required to meet the adjusted TSB based on the information
16 currently available.

17 In the next step, programs not meeting their objectives or no longer needed for a
18 successful portfolio were eliminated. Then, program segments and sectors were consolidated
19 where possible to reduce the administrative complexities of operating and reporting programs.
20 Third, programs with similar or overlapping goals and customer outreach structures were
21 consolidated into one larger program. Finally, within the new shorter list of programs, the
22 forecasted measure mix was analyzed and the forecasts updated to reflect reasonable estimates of
23 achievable potential, while maximizing cost effectiveness within programs. This exercise
24 resulted in significant increases in cost effectiveness of the portfolio, with the resulting Total
25 Resource Cost (“TRC”) test ratio outcome 39 percent higher than the 2028-2031 forecast that
26 was adopted in D.23-06-055, going from 1.33 to 1.88 in the Resource Acquisition segment.

27 While programs were eliminated, streamlined, and optimized for cost effectiveness and
28 performance, not every proposed program has a TRC above 1.0. For example, during the process

⁴⁴ D.25-08-034 at 27 (OP 1).

⁴⁵ Guidehouse, 2025 Energy Efficiency Potential and Goals Study – Final (June 23, 2025) at xvii,
available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/2025-potential-goals-study/2025-group-e-potential--goals-study-final-report-20250717.pdf>.

1 described above, SoCalGas set aside Commission-mandated programs, including but not limited
2 to its Energy Efficiency Marketplace, the Market Access Program, and On-Bill Financing.
3 Furthermore, certain non-mandated programs in the Market Support segment of the portfolio
4 were evaluated and are proposed to continue because they provide qualitative benefits that
5 support Resource Program achievement or provide vital pathways to effective energy efficiency
6 programs of the future. Support for specific proposed programs is addressed by witness Darren
7 Hanway in Chapter 2 of Exhibit 1.

8 Most of the programs that are not cost-effective are targeted at the residential sector
9 where usage is traditionally lower and help support participating customers with affordability and
10 bill impacts. The lower usage levels relative to other customer segments, and inclusion of
11 measures of varying cost effectiveness to help drive participation, are factors that tend to
12 diminish program cost-effectiveness. However, SoCalGas supports retaining offerings to its
13 residential sector for inclusiveness, and the ability of these energy efficiency programs to provide
14 meaningful financial and environmental benefits for customers. To illustrate, the benefit
15 forecasted from Residential programs is in line with the 2025 P&G Study estimate for PYs 2028
16 – 2029 that 35 percent of the total TSB will come from the Residential Sector.

17 Ultimately, SoCalGas believes its proposed portfolio reflects a combination of programs
18 that will be positioned to meet goals with a reduced budget.

19 ***Stakeholder Outreach*** In preparing its Application, SoCalGas performed stakeholder
20 outreach to gather input and inform the preparation of the proposals. SoCalGas engaged with
21 stakeholders across multiple forums and also held meetings with the California Energy
22 Efficiency Coordinating Committee (“CAEECC”), the ED Staff, and the California Efficiency +
23 Demand Management Council (“CEDMC”).

24 Stakeholder discussions focused on energy efficiency policy change proposals with the
25 potential for market and programmatic impact. Topics included flexibility around 60 percent
26 third-party implementation requirements, strategies to advance behind-the-meter emissions
27 reductions, solicitation process efficiencies, and expansion of the fuel switching definition.
28 Overall, stakeholders expressed appreciation for SoCalGas’s engagement. Outreach sessions
29 provided an opportunity to clarify policy objectives, underlying rationale, and implementation
30 pathways. Meeting with the ED Staff provided the opportunity to discuss budgetary
31 considerations and program design strategies, and the resulting feedback helped inform
32 SoCalGas’s proposals.

1 Chapter 8 of Exhibit 1 provides detailed accounting of these engagements and describes
2 how stakeholder feedback was evaluated and incorporated, where appropriate.

3 **II. POLICY SUPPORT AND RECOMMENDATIONS**

4 From experiences as a long-standing and successful EE Program portfolio administrator,
5 SoCalGas has given consideration to the framework, rules and requirements for running the
6 programs and what adjustments would be beneficial at this time. The proposals largely follow the
7 portfolio themes of providing opportunities for decarbonization and supporting affordability, and
8 as discussed below will be complementary to program delivery strategies.

9 For supporting decarbonization, SoCalGas is proposing the Commission adjust its
10 policies to allow programs to include fuel switching from equipment using non-regulated fuel
11 sources and include efficient natural gas generators as an alternative to diesel or gasoline fueled
12 models, among other requests. One example of policy proposals to support affordability includes
13 recommending removing the requirement for third party program implementation of 60 percent
14 of the portfolio budget, which could reduce administrative costs and program ramp time. Another
15 affordability related proposal is to retire administrative roles and requirements associated with
16 the California electronic Technical Reference Manual (“eTRM”), which could also result in cost
17 and administrative efficiencies. Another proposal would allow greater flexibility in how third-
18 party implementers and IOUs can work more cohesively to unlock administrative efficiencies
19 and support in areas of expertise.

20 In addition to these requests, SoCalGas proposes adjusting requirements to develop and
21 run pilot programs, recognizing the importance of having flexibility to evolve program design to
22 meet the changing dynamics of the energy industry.

23 This concludes my Prepared Direct Testimony.

1 **DIRECT TESTIMONY OF ANDREW STEINBERG**

2 **III. CHAPTER 1: EXECUTIVE SUMMARY**

3 **A. Application Overview and Intent**

4 Pursuant to California Public Utilities Commission (Commission) Decision (D.)
5 21-05-031,⁴⁶ Southern California Gas Company (SoCalGas) submits this prepared testimony in
6 support of the Energy Efficiency Business Plan Application (Application) for program years
7 2028-2035, including the associated four-year program budget and revenue requirement for
8 2028-2031.

9 SoCalGas requests the Commission to approve a budget cap for 2028 to 2035 of
10 approximately \$1.25 billion, which includes two four-year portfolio cycles: 2028-2031 and
11 2032-2035. The first four-year portfolio cycle, as addressed further in SoCalGas’s Application,
12 covers 2028 to 2031 and includes SoCalGas’s program budget of \$600 million. The second four-
13 year portfolio cycle covers 2032 to 2035 and includes a SoCalGas’s program budget of \$646
14 million. The numbers above do not include a budget request of approximately \$231 million for
15 the four Regional Energy Networks (RENs) operating in SoCalGas service territory. The
16 proposed energy efficiency portfolio is designed to deliver cost-effective Total System Benefit
17 (TSB) and maintain a forecasted Resource Acquisition Total Resource Cost (TRC) ratio of 1.88
18 cumulatively for Program Years 2028-2031.

19 The intent of this Application is to present a streamlined, cost-effective, and
20 performance-driven energy efficiency portfolio that advances affordability, reliability,
21 decarbonization, and equity while supporting strengthened oversight and accountability measures
22 consistent with Commission direction. The Application reflects a comprehensive reassessment of
23 existing energy efficiency program structures and delivery mechanisms designed to deploy
24 ratepayer funds prudently and continue to deliver measurable benefits to customers.

25 **B. How the Application Intent was Determined**

26 The direction of this Application was shaped by four primary factors:

- 27
 - **Commission Direction:** Including D.21-05-031⁴⁷ and Rulemaking (R.)

⁴⁶ D.21-05-031 (OP 5).

⁴⁷ *Id.*

1 25-04-010,⁴⁸ which emphasizes affordability, reliability, strengthened
2 oversight, cost-effectiveness, and measurable performance outcomes.

- 3 • **Executive Order Directives:** Including Executive Order N-5-24, which
4 underscores the importance of delivering durable relief to customers
5 facing rising electric bills.
- 6 • **State Auditor Findings (2025):** Highlighting the need for improved
7 oversight in energy efficiency and assessments of program performance.⁴⁹
- 8 • **Stakeholder Engagement:** Input from stakeholders, Portfolio
9 Administrators, and the Commission’s Energy Division.

10 In response to this guidance, SoCalGas undertook a strategic review of its portfolio
11 structure and delivery mechanisms and identified opportunities to reduce administrative costs,
12 consolidate programs, strengthen reporting, and better align programs with affordability and
13 decarbonization objectives.⁵⁰ Chapter 2 of Exhibit 1 provides a detailed background on the
14 regulatory content.

15 C. Stakeholder Engagement

16 SoCalGas conducted stakeholder outreach to further develop its 2028-2035 Application.
17 Engagement occurred across multiple forums, including collaboration with the California Energy
18 Efficiency Coordinating Committee (CAEECC), the Commission’s Energy Division, and the
19 California Efficiency + Demand Management Council (CEDMC).

20 Stakeholder discussions focused on key policy areas with the greatest potential for market
21 and programmatic impact. Topics included flexibility on the 60 percent third-party
22 implementation requirements, strategies to advance behind-the-meter emissions reductions,
23 solicitation process efficiencies, and expansion of the fuel switching definition. Stakeholder
24 feedback, including input from the Energy Division on budgetary and program design
25 considerations, strengthened and further aligned the proposals with Commission guidance and

⁴⁸ Order Instituting Rulemaking for Oversight of Energy Efficiency Portfolios, Policies, Programs, and Evaluation, R.25-04-010 (filed April 2025) at 5-6.

⁴⁹ The California Public Utilities Commission (March 18, 2025) 2023-127, at 2-3, *available at*: <https://www.auditor.ca.gov/reports/2023-127/>.

⁵⁰ *See*, Chapter 2, Regulatory Intent, at 6-10.

1 objectives. Chapter 8 of Exhibit 1 provides a detailed accounting of these engagements and
2 describes how stakeholder feedback was evaluated and, where appropriate, incorporated.

3 **D. Improving Customer Access and Participation**

4 Through its proposed energy efficiency portfolio, one of SoCalGas’s objectives is to
5 expand customer access and strengthen participation across all portfolio sectors. This is
6 advanced through four coordinated strategies that aim to simplify engagement, reduce barriers,
7 and connect customers to their most suitable program(s).

8 First, SoCalGas’s proposal has consolidated programs with similar features into unified
9 delivery structures that reduce administrative complexity, align similar offerings, and provide
10 customers with a clearer, more streamlined path to relevant measures and services (Exhibit 1,
11 Chapter 5). Second, SoCalGas’s proposal allows for an expansion of multilingual and
12 community-based outreach by embedding dedicated community liaisons in areas with
13 historically low participation, strengthening trust, improving awareness, and supporting
14 culturally responsive engagement (Exhibit 1, Chapter 3). Third, SoCalGas proposes to reduce
15 financial barriers by expanding On-Bill Financing (OBF), micro-loans, and GoGreen equity-
16 classified⁵¹customer groups and small businesses that may have limited access to capital (Exhibit
17 1, Chapter 6). Fourth, SoCalGas proposes to leverage its Energy Efficiency Marketplace
18 platform and co-delivery partnerships with Publicly Owned Utilities (POUs) and Water Agencies
19 to offer bundled solutions through a single point of contact, simplifying navigation and
20 improving customer experience across multiple resource programs (Exhibit 1, Chapter 3).

21 **E. Policy Framework and Requested Changes**

22 SoCalGas appreciates the opportunity to periodically re-evaluate and propose changes to
23 policies as part of the four-year Energy Efficiency program rolling portfolio process. The energy
24 efficiency landscape continues to evolve through advances in technology, changing customer
25 needs, and emerging regulatory and environmental priorities, making it essential to assess
26 whether previously adopted policies continue to meet expectations and deliver intended
27 outcomes. SoCalGas advances a set of policy proposals centered on affordability, innovation,
28 and decarbonization, each contemplated to support portfolio performance. These proposals
29 focus on reducing costs, improving administrative and operational processes, and optimizing

⁵¹ Equity-classified customer groups include Hard-to-Reach, DACs, and Underserved.

1 program benefits for customers and communities. Chapter 11 of Exhibit 1 provides a
2 comprehensive overview of policy recommendations, including supporting rationale and
3 background information for each proposal.

4 **F. Describe the regulatory context of this filing (including legislative,**
5 **CPUC requirements, and ESJ Action Plan, etc.).**

6 As required in D.21-05-031, the proposed energy efficiency portfolio is structured to
7 meet TSB goals, maintain a Resource Acquisition TRC ratio of at least 1.0, and advance the
8 Commission’s objectives for the Equity and Market Support segments. It incorporates statewide
9 and third-party contribution requirements, aligns with the Commission’s four-year portfolio
10 cycle and eight-year business-plan structure, and capable of accommodating required reporting
11 for segment-specific metrics. Portfolio planning aligns with the long-term energy efficiency
12 goals adopted in D.25-08-034, which establishes TSB goals for 2026-2037 based on the 2025
13 Potential and Goals Study. SoCalGas incorporates the updated assumptions from that study
14 consistent with the Commission’s most current technical and policy guidance, confirming that
15 SoCalGas’s planning assumptions remain aligned with statewide decarbonization trajectories,
16 avoided cost values, and market conditions. SoCalGas made changes in its forecast for
17 commercial and residential water heating based on changes in direction from the California Air
18 Resources Board (CARB) Zero Emission Appliance Standards (ZEAS) which are further
19 discussed in Chapter 4 of Exhibit 1.

20 SoCalGas’s proposal is also intended to comply with directives in D.23-02-002,
21 including uniform accounting methodology across all portfolio-administration and third-party
22 cost categories. This also applies to the contract terms and TSB aligned provisions required by
23 the Commission. The Application takes into consideration the relevant updates in SoCalGas’s
24 Mid-Cycle Advice Letter (MCAL)⁵² under D.23-06-055, including statewide allocations, savings
25 forecasts, program segmentations, the treatment of unspent and uncommitted funds, and the
26 demographic-reporting process required by Ordering Paragraph 23.⁵³ As one example, SoCalGas
27 complies with the Commission’s Market Access Program (MAP) requirements by offering pay-

⁵² As of March 6, 2026, SoCalGas’s MCAL (6559-G) has not been approved. SoCalGas may need to update its testimony upon approval, as SoCalGas requested the Commission take action on PG&E and SCE’s proposed changes to Statewide Programs.

⁵³ D.23-06-055 at 125-126 (OP 23).

1 for-performance and third-party programs that deliver verified energy savings. The Application
2 further aligns with the Commission’s Environmental and Social Justice Action Plan by
3 embedding equity-driven design principles, expanding targeted outreach, and integrating
4 community-engagement indicators, as required by D.23-06-055.⁵⁴

5 The Application is shaped by California’s statutory direction. Consistent with the
6 legislative framework summarized in Chapter 2 of Exhibit 1, the portfolio responds to core
7 legislative drivers such as Senate Bill (SB) 1221’s emphasis on neighborhood-level
8 decarbonization planning, Assembly Bill (AB) 802’s whole-building, normalized-metering
9 approach, and the greenhouse-gas reduction trajectory established under AB 32 and SB 32.⁵⁵

10 This Application supports Executive Order (EO) N-5-24,⁵⁶ which directs the Commission
11 and investor-owned utilities (IOUs) to deliver durable electric rate relief and review programs
12 that may impose unnecessary cost pressures on ratepayers. While SoCalGas does not control
13 electric rates, its energy efficiency programs provide shared customers with cost-effective
14 pathways to reduce total household energy costs while supporting statewide decarbonization and
15 reliability objectives.

16 In conclusion, SoCalGas believes its proposed Application for 2028-2031, and business
17 plan to Program Year 2035 satisfies Commission requirements and can be authorized as
18 proposed.

⁵⁴ *Id.*, (OP 24).

⁵⁵ SB 32, Section 1 and following.

EO N-5-24 (Governor of California, 2024), (OP 1), available at: <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>.

1 **DIRECT TESTIMONY OF DARREN M. HANWAY**

2 **IV. CHAPTER 2: PORTFOLIO SUMMARY**

3 **A. Service Territory and Service Territory-Related Factors**

4 SoCalGas is the nation’s largest gas distribution utility. SoCalGas delivers safe, reliable,
5 and affordable energy to approximately 21.3 million consumers over 6.2 million meters in 12
6 counties with more than 500 communities, including 234 incorporated cities. The service
7 territory spans approximately 24,000 square miles of diverse climates throughout the Central and
8 Southern California, from Tulare County to the Mexican border.



10 The Application reflects a clear understanding of the challenges and opportunities across
11 this large and diverse territory. The Plan sets out program strategies grounded in the utility’s
12 experience, scale, infrastructure, and statutory responsibilities. Climate conditions and customer
13 needs vary widely across the region. These differences require SoCalGas to tailor and optimize
14 program designs across multiple climate zones and to account for how geographic variation
15 affects portfolio performance.

16 The service territory also presents operational conditions that require sustained
17 experience and disciplined portfolio administration. Some customer communities are
18 geographically isolated or located in wildfire-prone areas. Others face limited contractor
19 availability. Many urban centers have complex industrial loads, multifamily housing, and high
20 concentrations of equity-classified households. These conditions require established operational
21 capacity and close coordination with system planning, safety requirements, and reliability
22 obligations.

23 SoCalGas is uniquely equipped to meet these needs. It operates a fully integrated

1 distribution system that serves millions of customers across varied terrain and climate zones. It
2 carries regulatory and statutory responsibilities that require continuous service, safety, and
3 reliability. SoCalGas maintains long-standing relationships with local governments, electric and
4 water utilities, community-based organizations, and equity-classified populations. SoCalGas
5 also has the operational scale and technical expertise to deliver energy efficiency programs that
6 support system reliability, customer and ratepayer affordability, and statewide carbon-neutral
7 goals.

8 **B. Geographic and Climatic Diversity**

9 SoCalGas's service territory is one of the most geographically and climatically varied
10 regions served by any utility in the nation, and this diversity shapes every aspect of how
11 SoCalGas designs and delivers its energy efficiency portfolio. The territory spans temperate
12 coastal plains, inland valleys, and high-desert climates. These conditions create distinct
13 customer needs that must be addressed with strategic intent and regional awareness. This
14 diversity is a central driver of SoCalGas's portfolio strategy. The following groups reflect the
15 major climate zones and geographic regions within the service territory.

- 16 • Coastal Zones: Heating loads are moderate in these areas. Older building stock
17 offers significant opportunities to improve building envelope performance and
18 water heating efficiency. These measures remain among the most cost-effective
19 and energy-efficient options available.
- 20 • Inland and Desert Zones: Many customers live in regions such as San Bernardino,
21 Riverside, Kern, and Kings Counties. Winter temperatures routinely fall to levels
22 that require dependable, high-output heating. Space heating is essential for
23 health, safety, and household stability. When temperatures drop, customers rely
24 on the most reliable and affordable energy source available because heating
25 cannot be deferred, and its costs must be managed.
- 26 • Central Valley: The service territory extends into the agricultural core of the San
27 Joaquin Valley, including Kings, Tulare, Fresno, and Kern Counties. These
28 communities have distinct energy needs tied to food processing, crop drying, and
29 other agricultural operations. These needs differ from those of urban commercial
30 customers and require tailored program strategies.

31 During temperature extremes, the electric and gas systems each face distinct operational

1 challenges, and coordinated planning across both networks is essential to maintaining reliability.
2 SoCalGas's underground infrastructure remains largely unaffected by ambient temperature
3 fluctuations, providing steady support for energy delivery when customers need it most for
4 life-safety heating and cooling.⁵⁷

5 SoCalGas continues to advance its clean fuels initiatives in support of California's goal to
6 reach 100% carbon neutrality by 2045. SoCalGas aims to increase the delivery of clean fuels
7 such as renewable natural gas and hydrogen, building a portfolio that supports cleaner fuel
8 options across the system. For example, SoCalGas and three other California utilities have
9 proposed hydrogen blending projects to demonstrate how blending clean renewable
10 hydrogen into the natural gas system can be a safe and effective way to reduce greenhouse gas
11 emissions for a cleaner, more resilient energy system.

12 SoCalGas's 2028-2031 Application reflects the geographic and climate diversity of the
13 service territory. The Application is aligned with this diversity by tailoring strategies to each
14 region so programs align with local conditions and the weather patterns that shape energy use.
15 In inland and desert climates, customers rely on affordable gas heating and improving building
16 envelope performance while maintaining affordable service is often the most cost-effective and
17 equitable decarbonization path. For most households, replacing an inefficient gas storage water
18 heater with a high-efficiency tankless unit remains the most economical and cost-effective
19 greenhouse gas reduction strategy available.

20 C. Socioeconomic Factors and Housing Burden

21 SoCalGas's service territory includes some of the nation's most diverse and economically
22 vulnerable populations. A significant share of customers reside in Disadvantaged Communities
23 (DAC)⁵⁸ as defined by the Commission, and an even larger portion falls within the

⁵⁷ American Gas Association, Resilience White Paper (October 10, 2014) at 1, "Because natural gas pipelines are predominantly underground and the system more protected from the elements, natural gas systems are far more resilient in the face of extreme weather events than electrical systems." Available at: <https://www.energy.gov/sites/prod/files/2015/04/f21/AGA%20QER%20Comments%20-%20System%20Resiliency.pdf>.

⁵⁸ D.20-08-046 outlines that Disadvantaged Communities (DACs) are designated by the California Environmental Protection Agency (CalEPA) using CalEnviroScreen 4.0 to identify the top 25% of census tracts disproportionately burdened by multiple sources of pollution and socioeconomic vulnerabilities. D.20-08-046 at 48-49.

1 Hard-to-Reach (HTR)⁵⁹ definition, creating distinct needs that shape program design. High
2 housing costs across Southern California leave many customers with limited disposable income
3 for capital-intensive energy efficiency upgrades. In dense urban centers such as Los Angeles, the
4 split-incentive barrier persists because landlords have little financial motivation to invest in
5 upgrades that do not directly benefit them. These conditions underscore the need for a
6 thoughtfully designed and appropriately sized Equity Segment that prioritizes economical gas
7 efficiency measures to support customer affordability.

8 **D. Unique Industrial Clusters**

9 SoCalGas serves one of the largest and most energy-intensive industrial bases in the
10 nation, a critical economic engine for California. The Port of Los Angeles anchors a dense
11 cluster of heavy industry, refining, and logistics operations, many of which require high-grade
12 process heat that current electric alternatives cannot reliably or cost-effectively provide at a
13 commercial scale.⁶⁰ SoCalGas is also advancing Angeles Link, a proposed pipeline system that
14 would transport clean renewable hydrogen from third-party production and storage sites to hard-
15 to-electrify end uses across Central and Southern California, such as heavy-duty trucking,
16 electric generation, and industrial processes. Connective pipeline infrastructure
17 like Angeles Link is essential to serve demand in California’s emerging hydrogen economy.⁶¹

18 SoCalGas’s energy efficiency strategy, therefore, maintains a targeted emphasis on
19 industrial process efficiency within these customer clusters, where financial incentives for
20 high-efficiency equipment remain essential to enable deeper, sustained adoption. For large
21 gas-using facilities, incremental efficiency improvements deliver substantial and immediate
22 reductions in greenhouse gas and nitrogen oxide emissions, along with measurable benefits for

⁵⁹ D.18-05-041 outlines Hard-to-Reach (HTR) customers as specific segments—such as those with primary languages other than English, geographically isolated residents, tenants, or small businesses—that historically exhibit low participation in energy efficiency programs due to structural barriers. D.18-05-041 at 41-43.

⁶⁰ U.S. Department of Energy (DOE), Industrial Decarbonization Roadmap Fact Sheet (September 2022), identifies petroleum refining and chemical manufacturing rely heavily on fuel combustion for process heat, and explicitly classifying the electrification of high-temperature range processes as a major Research, Development, and Demonstration (RD&D) hurdle. *Available at:* <https://www.energy.gov/sites/default/files/2022-09/Industrial%20Decarbonization%20Roadmap%20Fact%20Sheet.pdf>

⁶¹ D.22-12-055 at 1.

1 outdoor air quality in adjacent disadvantaged communities.

2 **E. Complex Landscape of Overlapping Utility Service Territories**

3 SoCalGas operates in one of the most complex utility-delivery landscapes in the nation.
4 Portions of Pacific Gas & Electric’s service area overlap with the northern and central portions
5 of SoCalGas’s territory; Southern California Edison’s electric services overlap significantly
6 across the core service area; and in south Orange County, San Diego Gas & Electric’s territory
7 intersects with SoCalGas as well. Drawing on a long and well-established history of
8 coordination with the other California IOUs, SoCalGas leverages these relationships to align
9 energy efficiency offerings across a shared customer base in a manner that is both operationally
10 efficient and customer-centric.

11 SoCalGas’s service territory also overlaps with 19 POUs and numerous water agencies,
12 many of which offer customer-oriented programs to conserve energy or water. SoCalGas has
13 successfully partnered with these overlapping utilities to deliver its energy efficiency programs
14 and services, and many of these partnerships provide comprehensive services and incentives for
15 electricity, gas, and water efficiency measures through a single delivery channel.

16 Partnering utilities have consistently stated that these collaborations enable them to
17 deliver programs more efficiently and reach more customers, resulting in increased participation
18 and reduced program costs.⁶² Notable POUs that have partnered with SoCalGas include the Los
19 Angeles Department of Water and Power (LADWP), Anaheim Public Utilities, and Riverside
20 Public Utilities. SoCalGas will continue implementing its existing partnerships with these POUs
21 and develop new partnerships wherever feasible.

22 SoCalGas’s service territory overlaps with four distinct RENs, creating a multilayered
23 administrative structure that requires coordinated delivery. These overlapping jurisdictions
24 make it essential for SoCalGas and the RENs to work collaboratively on program alignment,
25 avoid duplication, and maintain customer clarity across shared service areas. The following
26 summaries describe each REN whose service area overlaps with SoCalGas’s territory, noting
27 only the counties within SoCalGas’s footprint, while recognizing that each REN’s entire service
28 area may extend beyond SoCalGas’s boundaries.

⁶² SoCalGas’s partners routinely contribute to the administrative, marketing, and direct implementation costs. For example, between 2018 and 2025, LADWP contributed \$3,750,000 toward the Water-Energy Kit costs sent out by SoCalGas to mutual residential customers of SoCalGas and LADWP.

- 1 • SoCalREN (Southern California Regional Energy Network): One of the original
2 RENs serving the counties of Los Angeles, Ventura, Riverside, San Bernardino,
3 Inyo, Imperial, and Mono counties, plus portions of Kings, Tulare, and Kern.
- 4 • 3C-REN (Tri-County Regional Energy Network): Serves the counties of San Luis
5 Obispo, Santa Barbara, and Ventura.
- 6 • I-REN (Inland Regional Energy Network): Serves San Bernardino and Riverside
7 counties (a partnership comprised of the Coachella Valley Association of
8 Governments, San Bernardino Council of Governments, and Western Riverside
9 Councils of Governments).
- 10 • CCR REN (Central California Rural Regional Energy Network): Serves the San
11 Joaquin Valley and San Luis Obispo counties.

12 The Commission’s Joint Cooperation Memorandum (JCM) provides the framework for
13 Portfolio Administrators to coordinate portfolios, clarify roles, and avoid duplicative or
14 conflicting offerings. Within the JCM framework, SoCalGas’s 2028-2031 Portfolio Plan will
15 deliver a consistent, territory-wide energy efficiency platform that supports customer
16 affordability and aligns program delivery across PAs.

17 Because SoCalGas’s service territory overlaps with numerous POUs, other Portfolio
18 Administrators, and water agencies, SoCalGas is uniquely positioned to coordinate program
19 delivery and combine resources across these entities. SoCalGas’s long-standing partnership
20 agreements will enable continued coordinated planning, streamlined administration, and
21 co-delivery of programs to shared customer groups.

22 SoCalGas’s relationships with the diverse set of administrators help align offerings,
23 reduce duplication, and allow customers to receive consistent, complementary services
24 regardless of which utility they contact. This coordinated approach can improve delivery
25 efficiency, lower ratepayer costs, and support more coherent and accessible customer experience.

26 **F. Regulatory Intent**

27 Commission Regulatory Policies and Directives

28 SoCalGas’s Application aligns directly with the Commission’s Energy Efficiency
29 objectives presented in Assigned Commissioner’s Ruling.⁶³, the Commission’s Equity and Social

⁶³ Assigned Commissioner’s Ruling, dated July 23, 2025, states, “This proceeding will provide a venue for the Commission to review energy efficiency portfolios for consistency with policy objectives,

1 Justice (ESJ) Action Plan⁶⁴, the Governor’s⁶⁵ directives on affordability and climate resilience,
2 and the findings of the State Auditor⁶⁶ regarding the need for improved oversight, transparency,
3 and equity in energy efficiency delivery.

4 SoCalGas’s Application also complies with all Commission’s directives governing the
5 Application and the implementation and reporting of the Energy Efficiency portfolio. The
6 following discussion highlights a few of the key regulatory directives and how SoCalGas meets
7 these requirements with clarity, discipline, and alignment with Commission expectations.

8 As required in D.21-05-031, the proposed energy efficiency portfolio is structured to
9 meet TSB goals, maintain a Resource Acquisition TRC ratio of at least 1.0, and advance the
10 Commission’s objectives for the Equity and Market Support segments. It incorporates statewide
11 and third-party contribution requirements, aligns with the Commission’s four-year portfolio
12 cycle and eight-year business-plan structure, and embeds all required reporting for
13 segment-specific metrics. Through this disciplined design, SoCalGas positions its Energy
14 Efficiency portfolio to remain cost-effective, transparent, and aligned with Commission policy
15 direction while delivering measurable system benefits across the portfolio period.

16 SoCalGas’s portfolio planning aligns with the long-term energy efficiency goals adopted
17 in D.25-08-034, which establishes TSB-based goals for 2026-2037. SoCalGas incorporates the
18 updated potential study assumptions, including reference fuel substitution assumptions, and
19 CARB State Implementation Plan memo, so that its portfolio reflects the Commission’s most
20 current technical and policy guidance. These updates to SoCalGas’s planning assumptions
21 remain aligned with statewide decarbonization trajectories, avoided cost values, and market
22 conditions.

23 SoCalGas also complies with all related directives in D.23-02-002 by integrating the

including affordability, decarbonization, and reliability, and to establish processes for continued Commission oversight.”

⁶⁴ California Public Utilities Commission, Environmental and Social Justice Action Plan, Version 2.0 (April 7, 2022), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>

⁶⁵ EO N-5-24, October 30, 2024 (OP 1-6), available at: <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>.

⁶⁶ The California Public Utilities Commission, 2023-127 (March 18, 2025) at 2-3, available at: <https://www.auditor.ca.gov/reports/2023-127/>.

1 Commission’s updated requirements into its Application. SoCalGas applies the uniform
2 accounting methodology across all portfolio-administration and third-party cost categories. It
3 adopts the revised contract terms and TSB-aligned provisions required by the Commission.
4 These actions streamline procurement, reduce bidder burden, and maintain full alignment with
5 Commission policy direction.

6 The Application incorporates all required updates in its MCALs under D.23-06-055,
7 including updated statewide allocations, savings forecasts, program segmentations, and the
8 treatment of unspent and uncommitted funds. SoCalGas begins implementing impact-evaluation
9 recommendations in 2025, develops community-engagement indicators, and participates in the
10 demographic-reporting process required by Ordering Paragraph (OP) 23. SoCalGas also
11 complies with the Commission’s MAP requirements by offering pay-for-performance and third-
12 party programs that deliver verified energy savings, consistent with the Commission’s direction
13 that MAP serve as a strategy to reduce peak demand and improve portfolio performance.

14 **G. Legislative Drivers and CPUC’s Environmental and Social Justice**
15 **Action Plan**

16 The Application also aligns with the Commission’s Environmental and ESJ plan by
17 embedding equity-driven design principles, expanding targeted outreach, and integrating
18 community-engagement indicators, as required by D.23-06-055.⁶⁷ These elements reinforce that
19 the portfolio not only meets statutory and regulatory obligations but also advances the
20 Commission’s broader equity and social justice objectives.

21 Additionally, SoCalGas’s Application demonstrates that it is expressly shaped by
22 California’s statutory direction, grounding its portfolio design, metered-savings strategies, and
23 customer offerings in the state’s coordinated decarbonization and efficiency mandates.
24 Consistent with the legislative framework summarized in Chapter 3, the Plan responds to core
25 legislative drivers such as SB 1221’s⁶⁸ emphasis on neighborhood-level decarbonization
26 planning and AB 802’s⁶⁹ whole-building, normalized-metering approach, while advancing the

⁶⁷ D.23-06-055 at 126 (OP 24).

⁶⁸ SB 1221, Section 1, *available at*: <https://legiscan.com/CA/text/SB1221/id/3022645>.

⁶⁹ AB 802, Energy Efficiency, Section 6, at 381.2 (b), *available at*:
https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB802.

1 greenhouse-gas reduction trajectory established under AB 32⁷⁰ and SB 32.⁷¹ By integrating these
2 drivers into program design, cost-effectiveness strategies, and market support activities, the
3 Application provides a statute-aligned pathway that meets Commission expectations and
4 supports California’s long-term climate, equity, and affordability goals.

5 **H. Governor’s Executive Order N-5-24 and State Audit Report on**
6 **Energy Efficiency**

7 The Application supports EO N-5-24, which directs the Commission and IOUs to deliver
8 durable electric rate relief and review programs that may impose unnecessary cost pressures.
9 While SoCalGas does not control electric rates, its energy efficiency programs provide shared
10 customers with cost-effective pathways to reduce total household energy costs while supporting
11 statewide decarbonization and reliability objectives.

12 The Application also responds to the finding of the State Auditor in Report 2023-127 by
13 strengthening oversight, improving transparency, and enhancing equity outcomes. SoCalGas
14 proposes modernized reporting tools, streamlined program structures, and consolidated offerings
15 to improve administrative efficiency and strengthens the ability of ratepayer-funded programs to
16 deliver measurable value.

17 Through this disciplined, customer-focused approach, SoCalGas presents an energy
18 efficiency portfolio that meets Commission requirements, complies fully with Commission
19 energy efficiency-related directives, advances California’s climate and equity mandates, and
20 provides households and businesses across SoCalGas’s diverse service territory access to
21 meaningful, cost-effective energy efficiency solutions that support the state’s clean energy
22 future.

23 **I. Legislative Drivers**

24 California’s legislative direction establishes a clear mandate for deeper energy savings,
25 stronger program integrity, and progress toward decarbonization, and these requirements directly
26 shape SoCalGas’s Application. The state’s statutes call for coordinated planning, transparent
27 performance, and measurable results that support customer affordability, climate goals, and

⁷⁰ AB Bill 32, Nunez. Air pollution: greenhouse gases: California Global Warming Solutions Act of 2006, at 38564, available at: [https://ballotpedia.org/Text_of_California_Assembly_Bill_32_\(2006\)](https://ballotpedia.org/Text_of_California_Assembly_Bill_32_(2006)).

⁷¹ SB 32, California Global Warming Solutions Act of 2006: emissions limit, Sections 1-2, available at: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB32.

1 equitable access to energy efficiency benefits. They also require utilities to strengthen
 2 verification, expand financing pathways, support building benchmarking, and align programs
 3 with statewide greenhouse-gas and equity targets. These legislative requirements form the
 4 foundation for SoCalGas’s Application and guide the strategies proposed to meet the
 5 Commission’s expectations for a modern, accountable, and forward-looking energy efficiency
 6 portfolio.

Figure 2.1: Legislative Drivers	
Legislation	Directive
SB 1221 (2024)	Requires gas corporations to map future distribution projects, establishes Commission-designated priority neighborhood decarbonization zones, and authorizes pilot projects in which utilities may cease gas service when customers transition to zero-emission alternatives.
SB 1112 (2022)	Creates a clear on-bill financing framework for building decarbonization upgrades, including recorded property notices, tenant disclosure, and release upon cost recovery.
SB 1131 (2018)	Requires the Commission to authorize IOU incentives for industrial and agricultural custom projects measured using NMEC and establishes prospective criteria and timelines for Commission review.
SB 32 (2016)	Requires statewide GHG emissions to fall to at least 40 percent below 1990 levels by 2030.
AB 32 (2006)	Establishes economy-wide GHG reduction targets and authorizes CARB to adopt regulations and market mechanisms, including Cap and Trade.
AB 3232 (2018)	Supports near zero-emission space and water heating in new and existing buildings.
SB 350 (2015)	Increases the Renewable Portfolio Standard to 50 percent by 2030 and requires the state to double statewide energy efficiency savings in electricity and gas end uses by that year.
SB 1414 (2014)	Strengthens program integrity by requiring utilities to verify that installed measures are operational and compliant before claiming savings or issuing incentives.
AB 398 (2017)	Extends and refines the Cap and Trade program through 2030, clarifying CARB’s authority and cost containment mechanisms.
AB 793 (2015)	Encourages the installation of energy management technologies that help customers understand and manage their energy use.
AB 802 (2015)	Requires benchmarking of larger buildings and provides owners access to whole-building energy-use data.
SB 535 (2006) and AB 1550 (2016)	Direct a portion of GGRF proceeds to projects benefiting disadvantaged and low-income communities and increase minimum investment levels.
AB 758 (2009)	Directs the CEC to improve energy efficiency in existing buildings and informs statewide strategies that the Commission expects utilities to align with.

J. Application summary tables of expected performance metrics covering the 4-year and 8-year budget request

- 1. Use the tables below to summarize the annual budget request, forecasted cost-effectiveness, and other expected performance metrics over the 4-year and 8-year duration.**

This section provides a clear summary of SoCalGas’s annual budget request, forecasted

1 cost-effectiveness, and expected performance metrics across the four-year and eight-year
 2 planning horizons, using the tables below to present the key results in a concise and transparent
 3 format.

Table 1: 4-year Portfolio Budget Forecast Summary (2028-2031)					
4-year Portfolio Budget Forecast Summary (2028-2031) (\$000)					
	2028	2029	2030	2031	Total (4 years)
Total Budget	\$150,000	\$150,000	\$150,000	\$150,000	\$600,000
Resource Acquisition Segment	\$98,167	\$98,187	\$98,226	\$98,287	\$392,867
Market Support Segment	\$29,332	\$29,312	\$29,273	\$29,211	\$117,129
Equity Segment	\$14,520	\$14,521	\$14,521	\$14,521	\$58,083
Codes and Standards	\$1,809	\$1,809	\$1,809	\$1,809	\$7,237
EM&V	\$6,000	\$6,000	\$6,000	\$6,000	\$24,000
ED Portfolio Oversight	\$171	\$171	\$171	\$171	\$684

4

Table 2: 4-year Portfolio Forecast Summary (2028-2031)						
4-year Portfolio Forecast Summary (2028-2031)						
	2028	2029	2030	2031	Total 4-Year	
					RA Only	Total Portfolio
Total System Benefit (\$MM)	\$210.9	\$219.7	\$231.5	\$241.6	\$843.9	\$903.7
Total Resource Cost (TRC)	1.43	1.46	1.54	1.61	1.88	1.51
Program Administrator Cost (PAC)	2.82	2.74	2.81	2.88	2.18	2.81
Societal Cost Test (SCT) - Base	2.08	2.13	2.24	2.33	2.74	2.20
Societal Cost Test (SCT) - High	2.10	2.14	2.24	2.33	2.75	2.20
Ratepayer Impact Measure (RIM)	0.55	0.58	0.61	0.63	0.81	0.59
Lifecycle GWh	36.75	35.60	36.16	36.16	92.9	143.7
First Year MW	1.87	1.87	1.87	1.87	4.5	7.5
Lifecycle MMTherms	420.7	400.1	397.5	392.3	498.2	1,610.6
Lifecycle Net Electric CO2 Metric Tons	4,861	4,677	4,622	4,570	11,507	18,730
Lifecycle Net Gas CO2 Metric Tons (MM)	2.234	2.125	2.111	2.083	2.645	8.552

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Table 3: 4-year Portfolio Budget Forecast Summary (2032-2035)

4-year Portfolio Budget Forecast Summary (2032-2035) (\$000)					
Portfolio Segment	2032	2033	2034	2035	Total (4 years)
Total Budget	\$154,434	\$158,891	\$163,658	\$168,567	\$646,062
Resource Acquisition Segment	\$101,236	\$104,273	\$107,401	\$110,623	\$424,534
Market Support Segment	\$30,088	\$30,991	\$31,921	\$32,878	\$125,878
Equity Segment	\$14,956	\$15,405	\$15,867	\$16,343	\$62,572
Codes and Standards	\$1,812	\$1,866	\$1,922	\$1,980	\$7,581
EM&V	\$6,171	\$6,356	\$6,546	\$6,743	\$25,815
ED Portfolio Oversight	\$171	\$171	\$171	\$171	\$684

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Table 4: 4-year and 8-year IOUs Total System Benefit Forecast (w/out C&S) vs. Goals

4-Year and 8-Year Total System Benefit Forecast vs. Goals			
Year	Total System Benefit Forecast	Total System Benefit Goals	Percent of TSB Goal
2028	\$210,898,446	\$196,889,753	107%
2029	\$219,720,866	\$201,796,085	109%
2030	\$231,495,450	\$133,095,774	174%
2031	\$241,626,261	\$136,524,840	177%
Total (4 years)	\$903,741,023	\$668,306,452	135%
2032	\$252,022,063	\$144,600,802	174%
2033	\$262,417,866	\$152,670,798	172%
2034	\$272,813,669	\$161,086,935	169%
2035	\$283,209,472	\$173,476,885	163%
Total (4 years)	\$1,070,463,071	\$631,835,420	169%
Cumulative (8 years)	\$1,974,204,094	\$1,300,141,872	152%

2

Table 5: 4-Year and 8-Year Codes and Standards Forecast vs. Goals

4-Year and 8-Year Codes and Standards Forecast vs. Goals			
Year	Energy Savings (MMtherms)	Goals (MMtherms)	Percent of Therm Goal
2028	18.6	9.0	207%
2029	17.1	8.5	201%
2030	16.9	8.3	204%
2031	16.6	8.1	205%
Total (4 years)	69.2	33.9	204%
2032	16.0	7.9	203%
2033	15.4	7.8	197%
2034	14.8	7.6	195%

Table 5: 4-Year and 8-Year Codes and Standards Forecast vs. Goals**4-Year and 8-Year Codes and Standards Forecast vs. Goals**

Year	Energy Savings (MMtherms)	Goals (MMtherms)	Percent of Therm Goal
2035	14.2	7.4	192%
Total (4 years)	60.4	30.7	197%
Cumulative (8 years)	129.6	64.6	201%

1

Table 6: Portfolio Statewide and Third-Party Contribution Percentage Requirements**Portfolio Statewide and Third-Party Contribution Percentage Requirements**

Time Period	Budget Component	Qualifying Budget	Cumulative Total Budget w/o OBF Loan Pool and ED Portfolio Oversight	Contribution Percentage	Minimum Threshold
2028-2031 (4-years)	Statewide ^[1]	\$66,917,913	\$599,316,336	11.2%	10%
2028-2035 (8-years)	Statewide ^[1]	\$138,825,520	\$1,244,695,090	11.2%	10%
2028-2031 (4-years)	Third-party ^[2]	\$363,317,913	\$599,316,336	60.6%	60%
2028-2035 (8-years)	Third-party ^[2]	\$754,532,484	\$1,244,695,090	60.6%	60%

¹ SW program definition per D.16-08-019, OP 24, OP 38, & OP 39.

² Third-party program definition per D.16-08-019, OP 10, includes SW third-party budget.

2

1 **DIRECT TESTIMONY OF DARREN M. HANWAY**

2 **V. CHAPTER 3: PORTFOLIO STRATEGIES**

3 **A. Strategies:**

4 Advance affordability and mitigate overall rate impacts, consistent with Executive Order
5 N-5-24.

6 EO N-5-24, issued under the Governor’s authority, asks California to maintain
7 affordable, reliable, and safe electric service throughout its transition to a clean electric grid. It
8 calls the for the state to reconcile its ambition to decarbonize the electric grid (achieving 90%
9 clean electricity by 2035 and 100% by 2045) with the need to contain upward pressure on
10 electric rates. The Executive Order acknowledges that electric ratepayers have already funded
11 substantial investments in wildfire risk reduction, electric grid safety and reliability, and
12 programs such as solar Net Energy Metering, which have materially contributed to recent electric
13 rate increases while helping Californians become less dependent on the electric grid and
14 supporting California’s clean energy trajectory. IOU customers are now facing electric bills that
15 require financial relief.

16 To address this, the Order asks the Commission to identify and act on electric ratepayer-
17 funded programs across the entire electric IOU enterprise that are underperforming or
18 underutilized, and those whose ratepayer costs exceed their benefits to customers. It further
19 directs the Commission to rigorously evaluate whether existing rules, orders, or statutory
20 mandates are unduly increasing electric rates or should be funded through alternative sources.

21 The Executive Order is not a theoretical exercise; it is a call to action from the Governor
22 for the Commission and electric IOUs to deliver immediate, measurable ratepayer relief and
23 restore affordability across California’s electric system. As a gas utility, SoCalGas cannot
24 directly influence electric rates. However, SoCalGas does provide an affordable and practical
25 energy efficiency option for customers served by both SoCalGas and the California electric
26 IOUs—an option that supports, rather than detracts from, the state’s pursuit of a 100 percent
27 clean electric grid by 2045. The goal of the SoCalGas portfolio is to deliver practical,
28 cost-effective solutions that reduce a customer’s total monthly energy burden. Participation in
29 SoCalGas energy efficiency programs is expected to lower overall household energy costs,
30 improve customer affordability, and reduce greenhouse gas emissions.

31 By reducing natural gas consumption through high-efficiency equipment, customers

1 lower their utility cost burden and free up household budget for other essential needs. In
2 addition, strategically deploying efficient natural gas end-uses for space and water heating helps
3 avoid the costly electric-distribution upgrades required under full electrification scenarios,
4 thereby easing upward pressure on electric rates for all customers.

5 SoCalGas also maintains a continuous focus on cost-efficiency in program
6 administration, design, and delivery. This commitment is central to SoCalGas's Application,
7 which emphasizes affordability measures that help gas ratepayers maintain reasonable bills while
8 realizing the financial benefits of adopting energy-efficient technologies in their homes and
9 businesses.

10 **B. Efficient Portfolio Design and Delivery**

11 To operationalize this commitment, SoCalGas's Application consolidates programs with
12 aligned strategies, enabling streamlined delivery and operational synergies. This approach
13 optimizes resources by sharing inspections, marketing, and program promotion, thereby reducing
14 duplicative efforts. For example, direct install programs offering similar on-site audits have been
15 consolidated to improve delivery and lower costs. While streamlining internal functions,
16 SoCalGas continues to engage a diverse network of implementation partners to mitigate portfolio
17 risk and support broad market coverage. Program delivery will also leverage existing internal
18 support services that are practical and cost-effective.

19 SoCalGas proposes not to create new programs when multiple third-party implementers
20 use the same strategy for the same customers. Instead, SoCalGas proposes to place these
21 implementers with similar efforts into a single program and Implementation Plan. This reduces
22 the number of procurement steps and lowers the contracting burden. It also makes tracking and
23 reporting easier. The structure improves portfolio efficiency and strengthens accountability so
24 that ratepayer funds are used with greater impact.

25 **C. Co-deliver the Energy Efficiency Program with Other Utilities**

26 SoCalGas is well-positioned to co-deliver energy efficiency programs on behalf of
27 electric IOUs, leveraging its proven track record to drive cost efficiencies and reduce the
28 financial burden on electric ratepayers. Through longstanding partnerships with other utilities,
29 including successful collaborations with LADWP, Metropolitan Water District, and other public
30 agencies, SoCalGas has demonstrated its ability to streamline delivery, establish seamless
31 funding and reporting agreements, and achieve measurable performance gains.

1 Co-delivery can reduce duplicative efforts such as multiple customer visits, marketing
2 campaigns, inspections, and reporting requirements, resulting in lower costs⁷² and improved
3 outcomes.⁷³ SoCalGas will continue to expand its partnerships with electric utilities, special
4 districts, and water agencies, using a model that scales across shared service areas and supports
5 affordability, operational efficiency, and stronger portfolio performance for all ratepayers.

6 **1. Optimize TSB achievement and cost effectiveness, as well as TSB**
7 **achieved per ratepayer dollar spent**

8 SoCalGas’s strong historical and forecasted performance is rooted in a clear customer
9 value proposition: investing in gas efficiency delivers direct, measurable savings on monthly
10 energy bills. This customer understanding drives participation and reinforces the long-term
11 impact of the portfolio. In response to customer demand, SoCalGas proposes to increase funding
12 for the Resource Acquisition portfolio segment to drive higher TSB performance and improve
13 overall portfolio cost-effectiveness beginning in 2028. This investment will support a
14 streamlined portfolio design that consolidates programs with similar strategies while continuing
15 to leverage multiple third-party implementers to maximize ratepayer value. SoCalGas proposes
16 to achieve this by prioritizing long-life, high-impact measures in the commercial and industrial
17 sectors, and by utilizing Normalized Metered Energy Consumption (NMEC) frameworks to
18 capture comprehensive operational savings that traditional widget-based approaches miss.

19 **2. Advance building decarbonization activities in your energy efficiency**
20 **portfolios**

21 Importantly, SoCalGas asserts that gas energy efficiency programs advance California’s
22 building decarbonization goals by reducing emissions today while supporting the state’s longer-
23 term transition to carbon neutrality. SoCalGas proposes to align its energy efficiency portfolio
24 with these objectives while continuing to provide safe, reliable, and affordable service to its
25 customers.

⁷² SoCalGas’s partners routinely contribute to the administrative, marketing, and direct implementation costs. For example, between 2018 and 2025, LADWP contributed \$3,750,000 toward the Water-Energy Kit costs sent out by SoCalGas to mutual residential customers of SoCalGas and LADWP.

⁷³ During the period between 2013 and 2016, program participation in LADWP’s territories saw significant increases ranging from 13% (Multifamily Residential Direct Install Program) to 4,700% (California Advanced Home Program) due to the availability of LADWP’s incentives through its partnership with SoCalGas.

1 Specifically, SoCalGas proposes to maintain and expand transitional efficiency measures
2 by offering rebates for efficient gas appliances and hybrid systems that deliver immediate energy
3 bill savings and reliability. The direct customer benefit is that customers are empowered to make
4 sustainable choices without sacrificing the safety or performance of their energy systems. In
5 parallel, SoCalGas proposes to strengthen its role in emissions reduction by including methane
6 leak detection and mitigation efforts to prevent fugitive emissions from offsetting efficiency
7 gains.

8 According to a recent Commission study, refrigerant emissions spike significantly when
9 equipment is decommissioned or replaced.⁷⁴ SoCalGas plans to require all program
10 implementers to incorporate proper refrigerant management practices into their program design
11 and delivery, where applicable. Also, integrating carbon capture technologies into the energy
12 efficiency portfolio can show customers, especially small industrial facilities, practical pathways
13 to reduce on-site combustion-related emissions while maintaining operational efficiency and
14 continuity.

15 Through these proposed activities, SoCalGas will support California’s clean energy
16 objectives. This approach positions SoCalGas to remain a central participant in the state’s
17 energy transition, delivering measurable emissions reductions today and enabling the long-term
18 transformation of the building sector.

19 **3. Focus electric savings at peak times with high avoided cost and TSB**

20 California’s electric grid depends on gas to maintain reliability during system
21 peak periods, and customers should be empowered to do the same. SoCalGas proposes a
22 portfolio strategy that prioritizes efficient gas measures to help customers reduce their electric
23 load when energy prices and grid stress are highest. Just as natural gas generation stabilizes the
24 grid during peak demand, efficient gas appliances, such as high-efficiency water heaters, gas
25 Heating, Ventilation, and Air Conditioning (HVAC) systems with smart controls, and
26 commercial cooking equipment, offer customers a more cost-effective way to manage their own
27 peak energy costs.

28 By consolidating programs and leveraging experienced third-party implementers,

⁷⁴ DNV, *Forward-Looking Low-Global Warming Potential Refrigerant Transition Study*, Section 1.4.3 Improved Recovery, Study ID CPU0374.01 (June 28, 2024), available at: [CPUC Forward-Looking Low-GWP Refrigerant Transition Study.pdf](#).

1 SoCalGas will deliver scalable, peak-focused energy efficiency solutions that align customer
2 savings with grid needs. This approach maximizes avoided cost value, improves TSB, and
3 positions ratepayer investments to deliver a measurable, equitable impact on energy system
4 reliability.

5 **4. Use of meter-based savings measurement**

6 The Commission mandates the use of meter-based energy savings methodologies for
7 downstream residential and commercial Resource Acquisition programs, where applicable.⁷⁵ In
8 compliance with this directive and to deploy these methodologies where they
9 provide accurate and actionable data, SoCalGas will continue to pursue opportunities to use
10 meter-based savings methodologies as the preferred option across its downstream Resource
11 Acquisition initiatives for residential and commercial customers. However, SoCalGas's
12 experience shows that, beyond randomized controlled trials used in residential behavioral change
13 strategies, meter-based approaches have limited applicability in the residential sector because
14 individual households generate relatively small savings signals. The same limitation applies to
15 smaller commercial sites, where savings are often insufficient to support reliable meter-based
16 analysis.

17 To further advance these strategies, SoCalGas intends to extend Strategic Energy
18 Management (SEM) to all suitable and allowable customer sectors. This will allow more
19 customers to benefit from improved, immediate operational processes that may lack the financial
20 and human resources to commit to a six-year term. Additionally, SoCalGas expects growing
21 interest in its MAP, which serves both residential and non-residential customer segments and is
22 structured to enhance participation and savings through streamlined processes and transparent
23 performance metrics.

24 SoCalGas's approach is consistent with Commission guidance, promotes portfolio cost-
25 effectiveness, and supports rigorous flexible evaluation of ratepayer investments to address
26 diverse customer requirements.

⁷⁵ D.23-06-055 at 124-125 (OP 20).

1 **D. Promote and deploy “exempt measures”⁷⁶ in the equity segment,**
2 **including targeted outreach and engagement and pilots to identify and**
3 **develop solutions for key barriers, needed education and**
4 **training/workforce readiness and technical assistance, and other**
5 **relevant elements. In developing these strategies, PAs should evaluate**
6 **barriers faced by specific customer types, including small business**
7 **customers and tenants of multifamily buildings, relating to the**
8 **implementation of exempt measures (OP 6 and COL 3, D.23-04-035)**
9 ⁷⁷

10 SoCalGas is committed to a clear and practical strategy for deploying exempt measures
11 within the Equity segment. Exempt measures, those that conserve natural gas rather than
12 combust it, offer an important opportunity to deliver comfort, safety, and energy savings to
13 underserved customers while supporting California’s decarbonization and equity goals.
14 SoCalGas will prioritize these measures in disadvantaged communities, HTR areas, and other
15 underserved groups that continue to face barriers to adopting energy-efficient practices.
16 SoCalGas will also focus on deployment in ESJ communities. Customers are expected to benefit
17 from improved indoor comfort and enhanced safety, as building-envelope upgrades such as
18 insulation, air sealing, efficient windows, and smart thermostats help stabilize indoor
19 temperatures during extreme weather and improve indoor air quality. This approach supports
20 effective, equitable deployment of exempt measures and is in direct response to the needs of the
21 customers the Equity segment is designed to serve.

22 SoCalGas is working with the Energy Division to develop a new set of exempt gas
23 measures that conserve natural gas while supporting customer comfort, safety, and
24 decarbonization. These measures include smart technologies such as water-heater controllers,
25 smart shower timers, and whole-home water-monitoring devices. As additional exempt
26 measures are approved for use, SoCalGas will incorporate them into the portfolio, including
27 efficient doors and door sweeps, high-efficiency windows, and building-leakage-reduction
28 measures. This approach expands the range of practical, non-combustion solutions available to
29 customers and strengthens the Equity segment’s ability to deliver meaningful savings and
30 improved indoor conditions.

⁷⁶ As defined by D.23-04-035 at 8.

⁷⁷ D.23-04-035 at 34 (COL 3), at 38 (OP 6).

1 **E. Targeted Outreach**

2 SoCalGas proposes to execute a focused, data-driven, and community-anchored outreach
3 strategy so that exempt measures reach the equity customers the Commission intends to
4 prioritize. This is a proactive, structured effort designed to overcome the entrenched barriers that
5 have historically limited participation in energy efficiency programs. SoCalGas will deploy this
6 strategy with precision, recognizing that equity customers require direct, tailored engagement to
7 access the benefits of exempt measures.

8 SoCalGas will rely on a strengthened network of trusted third-party implementers,
9 community-based trade professional associations and organizations, local governments, non-
10 profits, and RENs to anchor outreach in the communities SoCalGas serves. These partners bring
11 trust, cultural fluency, and on-the-ground presence necessary to reach customers who have long
12 been underserved. Outreach will be in the language preferred by customers, wherever possible,
13 to promote accessibility and comprehension across all equity segments.

14 Given the size of the SoCalGas service territory, outreach must be localized and adaptive.
15 SoCalGas’s proposed portfolio will appropriately tailor engagement strategies to the specific
16 needs of small businesses with limited capital, multifamily tenants with constrained decision-
17 making authority, and mobile home residents living in some of the least efficient housing stock
18 in the state. Each segment will receive outreach designed around its distinct barriers and
19 opportunities.

20 To maximize precision and cost-effectiveness, SoCalGas will leverage its long-standing
21 relationships with relevant industry groups and deploy Artificial Intelligence (AI)-enabled
22 customer-targeting tools that combine publicly available socioeconomic indicators with
23 aggregated, privacy-compliant energy usage data. These tools identify customers with high
24 energy burdens, inefficient building envelopes, or usage patterns that signal a strong need for
25 exempt measures. This directs outreach resources where they will have the greatest impact and
26 remain aligned with the Commission’s equity objectives.

27 AI-driven targeting will guide not only who SoCalGas engages, but how that engagement
28 occurs. Customers will receive outreach through the channels most likely to reach them,
29 including in-language mailers, SMS, phone calls, digital content, and in-person engagement
30 through trusted community partners. These approaches promote strategic, intentional, and
31 tailored outreach to each equity segment’s different communication preferences.

1 Through this assertive, multi-layered approach, combining community trust, linguistic
2 accessibility, geographic tailoring, and modern AI-driven targeting, SoCalGas will deliver a
3 credible and effective outreach plan designed so that equity-eligible customers are not only
4 identified but also meaningfully engaged in adopting exempt measures. This strategy
5 demonstrates SoCalGas’s commitment to meeting both the letter and the spirit of D.23-04-035.⁷⁸

6 **F. Exempt Measures**

7 These efforts will focus on increasing awareness of exempt measures such as insulation,
8 air sealing, smart thermostats, windows, other building envelope improvements, and behavioral
9 measures while also providing clear, accessible pathways to participation. Outreach will also
10 raise awareness of the need to properly recycle refrigerants, mitigate methane leakage, and
11 potential pilots that include carbon capture technologies.

12 **G. Pilots**

13 Consistent with the Commission’s directive, SoCalGas proposes launching a coordinated
14 set of pilot activities to directly identify and reduce the perceived market barriers that prevent
15 equity-eligible customers from adopting exempt measures.⁷⁹ These pilots will assess the
16 structural, financial, informational, and technical challenges that persist across equity
17 communities. Through targeted field assessments, structured customer interviews, and the
18 innovation of trade allies and third-party program implementer community, SoCalGas will
19 develop, test, and iterate pilot programs that will guide future program design and support
20 delivery of exempt measures effectively, efficiently, and on scale.

21 For nonresidential equity customers, particularly local governments and public agencies
22 located in DACs, SoCalGas proposes to test a streamlined equity engagement as part of its SEM
23 program, focused on low-cost, operations-driven energy savings. The equity-focused offering
24 will include tuning equipment, optimizing controls, and establishing simple systems to track and
25 manage energy performance over time. SoCalGas will also coordinate with program
26 implementers to support proper refrigerant recycling and Behind-the-Meter (BTM) methane leak
27 detection and mitigation, addressing two areas where equity customers often lack resources but

⁷⁸ D.23-04-035 (OP 6), directing PAs to "develop comprehensive strategies and associated budgets to incentivize and promote exempt measures" with a specific focus on ensuring that equity-eligible and hard-to-reach customers retain access to bill-saving retrofits.

⁷⁹ *Id.*

1 experience environmental and operational risks.

2 In addition, SoCalGas will collaborate with existing trade allies, industry supply
3 networks, non-profits, and third-party implementers to test new program tactics, including
4 multilingual and dialect-sensitive outreach approaches that reflect the rich linguistic diversity of
5 the service territory.

6 SoCalGas will also continue piloting innovative carbon capture-related technologies
7 through innovative programs. Together, these pilots will create a foundation for scaling exempt
8 measures across the equity segment and aiding customers with the greatest need to receive the
9 greatest benefit.

10 **H. Energy Efficiency Education & Technical Assistance for Equity** 11 **Customers**

12 SoCalGas proposes to deliver comprehensive energy efficiency education and technical
13 assistance to help equity customers navigate the program implementation process with
14 confidence. This support will include equipment and process improvement assessments, clear
15 measure prioritization, contractor and distributor coordination, and application assistance. Each
16 step is designed to reduce friction and help customers realize the benefits of exempt measures.

17 For small businesses and multifamily properties, SoCalGas will provide enhanced,
18 targeted assistance to address the unique procedural, financial, and structural barriers these
19 customers face. This includes streamlining landlord approvals, reducing administrative
20 requirements, and coordinating installation activities to minimize operational disruption. These
21 actions are important so that exempt measures are not only available to equity customers but also
22 installed in buildings where they can deliver significant impact.

23 To further expand customer benefits and reduce out-of-pocket costs, SoCalGas will
24 coordinate closely with state, local, and federal programs, including low-income weatherization
25 initiatives, public agencies, and private/public decarbonization grant opportunities. To maximize
26 resources and deliver efficiently, SoCalGas will hold joint education and technical assistance
27 opportunities with other entities that have aligned interests. By aligning exempt-measure
28 delivery with these complementary resources, SoCalGas will amplify the value delivered to
29 equity customers and maintain its oversight that ratepayer investments produce durable,
30 meaningful improvements in comfort, safety, and energy affordability.

1 **I. Education and Workforce Readiness**

2 SoCalGas will align with contractors who deliver exempt measures and possess the
3 technical skills, cultural competency, and operational capacity required for successful
4 implementation in equity communities. SoCalGas will provide targeted training resources,
5 including multilingual instructional materials, hands-on workshops, and digital learning tools, to
6 strengthen contractors’ understanding of exempt measures, installation best practices, and the
7 unique needs of equity-eligible customers. These resources will aim to eliminate ambiguity,
8 elevate installation quality, and prepare contractors to deliver consistent, high-value outcomes
9 across the service territory.

10 To build durable market capacity, SoCalGas will partner with community colleges,
11 workforce boards, and trade allies to expand the pool of qualified contractors in underserved
12 areas. The collaborations will focus on developing a workforce that is both technically proficient
13 and reflective of the communities it serves. Training will emphasize building envelope
14 measures, safety protocols, diagnostic techniques, and high-quality installation standards, with a
15 deliberate focus on recruiting, preparing, and advancing workers from disadvantaged
16 communities.

17 **1. Increase progress on CPUC’s ESJ Action Plan goals. Reference the**
18 **specific ESJ Action Plan Goals and the energy efficiency portfolio**
19 **strategy. Describe your approaches to advancing these goals.**

20 SoCalGas’s energy efficiency portfolio is built to advance several ESJ Action Plan goals
21 by embedding equity into program design and directing benefits to the customers who need them
22 most. The following discussion outlines how SoCalGas’s strategies support these goals and
23 expand access, participation, and health and economic benefits for underserved communities.

24 **Goal 1 - Consistently integrate equity and access considerations throughout**
25 **Commission’s regulatory activities.**

26 SoCalGas’s energy efficiency programs directly support Goal 1 of the Commission’s ESJ
27 Action Plan by integrating equity and access into program design and delivery. These programs
28 offer rebates on energy efficiency measures and equipment, direct install, marketplace offerings,
29 and behavioral energy efficiency usage modifications, enabling customers across diverse
30 communities to reduce expenses, improve comfort, and reduce emissions. By simplifying
31 program enrollment processes, offering multilingual outreach, and partnering with trusted
32 community organizations, SoCalGas reduces barriers to participation and provides opportunities

1 for disadvantaged and underserved households to participate and receive program benefits. In
2 addition, these programs deliver immediate emissions reductions that improve local air quality,
3 which is particularly important for communities that face disproportionate environmental
4 burdens. By positioning gas energy efficiency as part of California’s broader decarbonization
5 pathway, SoCalGas demonstrates that natural gas efficiency measures are not only interim steps
6 but also integral to the state’s long-term climate and equity objectives. In this way, SoCalGas
7 embeds equity into its portfolio while advancing both customer affordability and California’s
8 decarbonization goals.

9 **Goal 2 - Increase investment in clean energy resources to benefit ESJ communities,**
10 **especially to improve local air quality and public health.**

11 SoCalGas’s Application directly supports Goal 2 of the Commission’s ESJ Action Plan
12 by channeling investment into measures that reduce emissions and improve public health
13 outcomes in disadvantaged communities. By maintaining rebates for high-efficiency gas
14 appliances and behavioral energy efficiency recommendations, SoCalGas delivers immediate
15 reductions in fuel use and associated emissions, thereby lowering indoor and outdoor air
16 pollution burdens that disproportionately affect ESJ households.

17 In addition, SoCalGas is proposing methane leak detection and mitigation to prevent
18 fugitive emissions from offsetting energy efficiency gains. By educating contractors on proper
19 refrigerant handling and reclamation practices, SoCalGas further supports clean energy goals and
20 improves local air quality. These efforts provide tangible health benefits, particularly in
21 communities historically overburdened by poor air quality, while also reducing customer bills
22 and enhancing affordability. By embedding equity into program design and delivery, SoCalGas
23 directs efficiency investments towards ESJ communities. In this way, SoCalGas’s energy
24 efficiency programs operationalize Goal 2 by delivering measurable improvements in air quality
25 and public health, and by providing economic relief to the state’s most vulnerable populations.

26 **Goal 3 – Strive to improve access to high-quality water, communications, and**
27 **transportation services for ESJ communities.**

28 SoCalGas’s energy efficiency programs support Goal 3 of the Commission’s ESJ Action
29 Plan by improving equitable access to essential energy services while also addressing broader
30 environmental health concerns. In addition to providing rebates for efficient appliances and
31 energy efficiency behavioral recommendations that lower customer bills and enhance

1 affordability, SoCalGas will place greater emphasis on the importance of proper management
2 and disposal of environmentally harmful refrigerants used in heating and cooling equipment. By
3 educating the community that refrigerants must be handled responsibly, through contractor
4 training, program requirements, and safe disposal practices, SoCalGas can reduce the risk of
5 high-global-warming-potential emissions. Coupled with proposals for methane leak detection
6 and mitigation, these measures strengthen the safety and reliability of gas services while
7 advancing California’s climate and equity objectives. In this way, SoCalGas’s energy efficiency
8 portfolio can safeguard access to essential services while delivering measurable environmental
9 and public health benefits to ESJ communities.

10 **Goal 4 – Increase climate resiliency in ESJ communities.**

11 SoCalGas advances ESJ Action Plan Goal 4 by strengthening climate resiliency in
12 disadvantaged and underserved communities through measures that reduce energy demand,
13 lower emissions, and improve household stability during extreme weather and service
14 disruptions. Rebates for efficient appliances, hybrid systems, and bundled whole-home
15 efficiency services help customers manage rising energy costs and maintain safe indoor
16 conditions. SoCalGas also seeks approval to expand methane leak detection and mitigation to
17 prevent fugitive emissions that worsen climate impacts.

18 SoCalGas further proposes a common-sense update to fuel-switching rules to allow
19 incentives for efficient natural gas generators as cleaner, more reliable alternatives to diesel or
20 gasoline units used by ESJ customers during frequent and lengthy Public Safety Power Shutoff
21 (PSPS) events. This option is especially important for households and critical facilities that
22 cannot afford solar-plus-storage systems. SoCalGas will also continue outreach to underserved
23 groups, including Native American communities and agricultural operations, through existing
24 programs to maintain equitable access despite language, workforce, or geographic barriers. In
25 sum, these strategies provide ESJ communities with improved air quality, safer infrastructure,
26 and more resilient, affordable energy options as climate conditions intensify.

27 **Goal 5 - Enhance outreach and public participation opportunities for ESJ**
28 **communities to meaningfully participate in the CPUC’s decision-making process**
29 **and benefit from the Commission programs.**

30 SoCalGas’s energy efficiency programs advance Goal 5 of the Commission’s ESJ Action
31 Plan by strengthening collaboration with communities and the trade professionals located and

1 working there, community-based organizations (CBOs), trade allies’ networks for small
2 businesses, and local governments to expand outreach and public participation. SoCalGas
3 focuses on its program communications through an ESJ lens, tailoring program information to
4 reflect community priorities and cultural contexts. By partnering with trusted CBOs and
5 municipal agencies, SoCalGas delivers efficient offerings in ways that resonate locally and build
6 trust. These partnerships also create pathways for public participation, enabling residents and
7 small businesses to provide feedback, attend workshops, and influence program design. Through
8 these collaborative efforts, SoCalGas operationalizes Goal 5 by making its programs more
9 accessible, responsive, and community driven.

10 **Goal 6 – Enhance enforcement to provide safety and consumer protection for all,**
11 **especially for ESJ Communities.**

12 SoCalGas’s energy efficiency programs advance Goal 6 of the Commission’s ESJ Action
13 Plan by protecting ESJ consumers through transparent rebate processes, multilingual outreach,
14 and clear customer complaint channels. SoCalGas also conducts proactive enforcement through
15 contractor vetting and field verification, providing oversight to support safe and equitable service
16 delivery.

17 **Goal 7 - Promote High Road⁸⁰ career paths and economic opportunity for residents**
18 **of ESJ communities.**

19 SoCalGas’s energy efficiency programs support Goal 7 by promoting high-road
20 principles through targeted workforce education and strategic outreach. In 2024, SoCalGas’s
21 Workforce Education & Training (WE&T) efforts reached over 30,000 students and collaborated
22 with organizations to expand access to training, certification, and career pathways in energy
23 efficiency.⁸¹ These initiatives emphasize safe working conditions, upward mobility, and
24 equitable access to clean energy jobs, especially for workers in disadvantaged communities. By
25 partnering with sister agencies and utilities, SoCalGas helps build a resilient, inclusive workforce

⁸⁰ The CPUC’s ESJ Action Plan defines “High Road” as workforce and career pathways that provide family-sustaining wages, safe working conditions, and opportunities for upward mobility, while also advancing equity and sustainability. In practice, this means prioritizing training, hiring, and program design that create durable, high-quality jobs for residents of ESJ communities, rather than short-term or low-wage employment.

⁸¹ R.25-04-010, SoCalGas Energy Efficiency Programs 2024 Annual Report (June 2, 2025) *available at: https://www.socalgas.com/sites/default/files/2025-06/2025_SoCalGas-2024_EE-Annual-Report_New.pdf*.

1 aligned with California’s climate and equity goals. SoCalGas’s plans include continuing similar
2 efforts over the next program cycle to bolster lasting benefits for ESJ communities and the
3 state’s clean energy transition.

4 **Goal 8 - Improve training and staff development related to environmental and social**
5 **justice issues within the Commission’s jurisdiction.**

6 SoCalGas proposes advancing Goal 8 by promoting high-road principles, expanding
7 workforce education, and strengthening outreach with utilities and sister agencies. Building on
8 its 2024 WE&T efforts, which reached over 30,000 students, SoCalGas’s proposed portfolio is
9 positioned to further develop clean energy career pathways for ESJ communities. SoCalGas will
10 explore collaborations with municipal utilities and water agencies, such as LADWP and
11 Pasadena Water & Power, to expand access to energy efficiency improvements in disadvantaged
12 communities. These proven approaches provide confidence that SoCalGas will continue to
13 embed equity, sustainability, and collaboration across its portfolio in the following program
14 cycle road principles, expand workforce education, and strengthen partnerships with utilities and
15 sister agencies.

16 **Goal 9 - Monitor the Commission’s environmental and social justice efforts to**
17 **evaluate how they are achieving their objectives.**

18 SoCalGas will advance Goal 9 by establishing consistent quantitative metrics to clearly
19 track program impacts, promoting meaningful feedback loops with CBOs, local governments,
20 and customers to improve program design, and reinforcing accountability through contractor
21 oversight and transparent reporting. Building on its 2024 performance tracking and equity
22 reporting, SoCalGas will continue these practices in the next cycle to support measurable,
23 equitable, and trusted outcomes for ESJ communities.

24 **J. If you would like to pursue integrated demand-side management**
25 **(IDSM) activities within your portfolio, propose your strategy**
26 **including technologies, target customer engagement tools, etc.**

27 California’s electric and gas systems are deeply interdependent, and both are evolving to
28 meet the state’s clean energy goals. SoCalGas aims to supports this transition through the
29 strategic deployment of renewable natural gas and renewable hydrogen, which complement the
30 electric grid during periods of high demand and system stress.

31 Pursuant to Commission approval of Advice Letter 6276-G, SoCalGas launched the
32 Clean Energy Integration Program (CEIP) pilot framework. This authorization enables

1 SoCalGas to integrate its energy efficiency portfolio with non-energy efficiency funded
2 programs, such as the Self-Generation Incentive Program (SGIP), to support permanent load
3 shifting, demand reduction, and distributed energy deployment.

4 The CEIP is designed to advance technologies, including hybrid heating systems,
5 distributed clean generation, and energy storage. These solutions are targeted to enhance electric
6 grid reliability while delivering measurable benefits in affordability and resiliency for California
7 customers.

8 SoCalGas proposes to continue the CEIP through the 2028-2031 program cycle due to
9 the limited time to implement during the current cycle. The pilot will serve as a critical
10 demonstration of how the gas system can be leveraged to complement and reinforce the electric
11 grid, delivering integrated, customer-centric solutions that align with the state’s decarbonization
12 and reliability objectives.

13 **K. Increase workforce education and training to better deliver quality**
14 **energy efficiency installations**

15 SoCalGas proposes expanding its WE&T programs and outreach to support energy
16 efficiency installations in its service territory, while maintaining high standards for quality,
17 safety, and climate compliance. This expansion will go beyond current practice by embedding
18 advanced training modules that directly address the field's most critical challenges: proper
19 installation of energy-efficient equipment, rigorous refrigerant management and disposal, and
20 integration of emerging technologies.

21 SoCalGas proposes pursuing the best channels to integrate refrigerant-handling and
22 disposal strategies into every HVAC and industrial training program, equipping the workforce to
23 safely recover, recycle, and transition to low-Global Warming Potential (GWP) refrigerants in
24 alignment with CARB and Commission directives. Also, partnerships with community colleges,
25 trade schools, trade professional associations, and labor unions will broaden access to these
26 programs, particularly in disadvantaged communities. By tracking certifications, installation
27 quality metrics, and refrigerant recovery outcomes, SoCalGas will be able to determine WE&T
28 program performance and emissions reductions.

1 **L. Propose your preferred approach to regular reporting of**
2 **demographic energy efficiency program participation information, as**
3 **required by D.23-06-055 (OP 23)**

4 In compliance with D.23-06-055 OP 23,⁸² the Portfolio Administrators (PAs) convened a
5 dedicated Reporting Policy Coordination Group (Reporting PCG) working group beginning in
6 early 2025, held monthly development meetings, prepared and reviewed multiple draft report
7 versions, and finalized the joint report through this collaborative process. The final joint report
8 was transmitted to the Energy Division via email on August 6, 2025, consistent with the filing
9 timeline established under OP 23. The analysis contained in that report, including areas of
10 alignment and topics requiring continued coordination, provides the foundation for SoCalGas’s
11 preferred approach set forth below.

12 To implement the regular reporting of demographic energy efficiency program
13 participation information, SoCalGas plans to continue using its participation reporting approach,
14 which relies primarily on geographic linkage using customer and site information already
15 collected through program participation and claims processes. Using publicly available
16 geographic and census-based datasets offers a cost-efficient and minimally burdensome way to
17 characterize demographic participation, as it avoids imposing new data-collection requirements
18 on customers and instead relies on mapping existing site or service addresses to census block
19 groups or census tracts. This approach draws on existing elements such as customer
20 identification fields, addresses, rate code, low-income program enrollment, usage information,
21 and other program data that SoCalGas collects across residential, commercial, industrial,
22 agricultural, and public sector programs.

23 In addition to these core elements, SoCalGas may also leverage internal analytical
24 tools—such as historical consumption patterns, usage segmentation, weather-normalized usage,
25 and third-party segmentation frameworks (e.g., PRIZM codes)—to provide supplemental context
26 on customer characteristics where appropriate. These analytics do not involve new data
27 collection and are used solely to enrich SoCalGas’s understanding of participation

⁸² “Portfolio administrators shall work with the Reporting Policy Coordination Group to jointly submit a report addressing the demographic questions in Section 7.7 of this decision by no later than September 1, 2025. Based on analysis included in the report, the portfolio administrators shall propose, in their next portfolio proposals due in 2026, their preferred approaches to regular reporting of demographic energy efficiency program participation information.” D.23-06-055 at 125-126 (OP 23).

1 trends. Collectively, these existing fields enable the derivation of demographic characteristics
2 from community-level indicators, leveraging geographic linkage and publicly available datasets,
3 without requiring new or mandatory demographic data disclosures from participants.

4 SoCalGas currently collects sufficient customer identification and site-level information
5 to support this geographic-based methodology. Most programs collect customer names, account
6 numbers, installation or service addresses, phone numbers, and email addresses. Certain
7 programs collect additional information—including income for customers participating in
8 California GoGreen Financing and tribal affiliation, where relevant, for HTR or DAC
9 qualification—further enabling community-level demographic assessments without requiring
10 new direct participant disclosures.

11 Demographic participation information is most meaningful within sectors where site-
12 specific geographic characteristics provide insight into community needs and program reach,
13 particularly the residential, public, and commercial sectors. In sectors where customer identities
14 are not directly tied to utility account information, such as WE&T, SoCalGas anticipates that
15 geographic proxies or evaluation-based sampling may be more appropriate for capturing the
16 necessary demographic insights. This approach aligns with the recognition that certain program
17 areas may require evaluation-phase sampling to capture participant-level context, given the
18 inherent limitations of claims-based data.

19 SoCalGas anticipates maintaining necessary information within its existing program and
20 claims systems and reporting demographic-related fields to California Energy Data and
21 Reporting System (CEDARS) through the current claims structure, with only minimal changes if
22 a census-related geographic field is added. SoCalGas may maintain enhanced geographic or
23 demographic linkages internally to support portfolio analysis, while claims submissions will
24 remain focused on core customer and site identifiers. Any broader demographic mapping or
25 aggregation may be conducted through evaluation activities or at the Commission's direction.

26 Evaluation, Measurement & Verification (EM&V) studies may also help determine
27 whether certain demographic metrics should be standardized, adjusted, or replaced with more
28 reliable indicators, depending on program design and customer characteristics. To maintain
29 alignment with statewide methods, SoCalGas intends to coordinate with the Energy Division, the
30 Reporting PCG, and third-party evaluators to define appropriate sampling strategies, verification
31 protocols, and documentation standards.

1 With respect to implementation timing, SoCalGas anticipates initiating demographic
2 participation reporting after the Commission provides clear guidance on required data elements
3 and reporting expectations. SoCalGas proposes a timeframe of up to twelve months to
4 implement any new demographic reporting requirements after the Commission issues clear
5 guidance, allowing sufficient time for system alignment, reporting adjustments, staff training,
6 quality assurance processes, and coordination with statewide reporting structures.

7 SoCalGas expects to provide demographic participation reporting annually for metrics
8 and quarterly for claims-related information. This cadence aligns with existing reporting
9 requirements and supports reasonable timelines for data processing, geographic mapping,
10 review, and publication.

11 Several items will require coordination through the Reporting PCG prior to
12 implementation. These include determining the appropriate geographic unit (e.g., census block
13 group or census tract), establishing consistent mapping standards, identifying an approach for
14 programs that do not collect address information, defining demographic participation for
15 reporting purposes, and clarifying whether community-level analysis is sufficient for compliance
16 or whether any participant-level demographic elements may be required under future
17 Commission decisions. As noted in the joint report, these matters will benefit from further
18 collaboration and Commission guidance before final implementation.

19 **M. Overcome sector and segment specific challenges (e.g., market**
20 **support, equity, residential, multifamily, industrial, etc.)**

21 SoCalGas frames its portfolio challenges and responses through a coordinated view of
22 each sector, allowing SoCalGas to identify the market barriers that shape customer participation
23 and energy savings. This approach shows how strategies can work together to create synergies,
24 reduce friction, and support steady performance across the four-year portfolio cycle and the
25 eight-year strategic horizon.

26 The following discussion summarizes the key challenges in each sector, the strategies
27 SoCalGas will use to address them, and the market, policy, and operational drivers that can
28 strengthen overall portfolio results. Aligned with Commission direction, these strategies are
29 designed to improve portfolio performance while advancing the Scoping Memo priorities of
30 affordability, decarbonization, reliability, equity, and cost-effectiveness. This framework reflects
31 a portfolio grounded in customer choice, market realities, and Commission policy, enabling

1 SoCalGas to respond to sector-specific needs in a practical and coordinated way and to
 2 contribute to the broader goals of this proceeding: more impactful portfolios, stronger oversight,
 3 improved cost-effectiveness, and equitable delivery of energy efficiency benefits.

4 **1. Residential**

5 SoCalGas serves the largest and most diverse residential gas markets in California, and
 6 that scale shapes both participation and the state’s ability to achieve equitable energy-efficiency
 7 outcomes. The service territory stretches from the U.S.– Tulare County to the Mexican border
 8 and spans dense coastal cities, inland valleys, foothill communities, and high- and low-desert
 9 climates, creating wide variation in customer needs and usage patterns.

10 Few utilities in the nation operate a residential market of comparable size or complexity,
 11 which makes adaptable, climate-specific efficiency solutions essential. Energy efficiency
 12 remains especially important for customers in colder, inland, and desert regions, where it reduces
 13 energy burdens, lowers emissions, and improves comfort, regardless of long-term resource shifts.

14 The residential sector is also changing quickly as new technologies emerge, and
 15 customers seek solutions that are efficient, affordable, and aligned with California’s clean-energy
 16 goals. SoCalGas proposes to meet that demand so that all customers—including those in
 17 disadvantaged communities, HTR areas, future fire-prone zones, and extreme-temperature
 18 regions—have access to reliable, forward-looking efficiency offerings that reduce consumption,
 19 cut emissions, and prepare households for the evolving energy landscape.

Figure 3.11.1 – Residential Sector – Challenge & Outcomes

Sector Challenges	Expected Outcomes
Deeper, more comprehensive energy efficiency solutions are too costly for customers, and achieving cost-effectiveness is difficult given their high upfront costs.	Increased customer adoption of deeper, more comprehensive energy efficiency solutions.
Low participation across the residential sector, especially in the equity-defined customer groups.	Increased customer adoption of gas energy efficiency solutions, including behavior-related actions, across all residential segments, especially within equity-classified customer groups.

Figure 3.11.1 – Residential Sector – Challenge & Outcomes

Sector Challenges	Expected Outcomes
Communication barriers exist between retailers/contractors and customers, leading to the ineffective presentation of information about energy efficiency programs and products.	Ongoing training, communication, and updates to the contractors and retailers on qualifying equipment and rebate offerings that are effectively presented to customers.
Lack of awareness of program offerings and services	Increased customer awareness of the availability and access to both statewide and local offerings.
Customers need “bundled/packaged” energy efficiency and other DSM/DER solutions to achieve comprehensive improvements. They often need to obtain technical or financial information from multiple sources to bring energy efficiency improvements to their properties.	Increased customer awareness of bundled/packaged solutions that deliver credible and reliable information on energy efficiency equipment, expected energy savings, access to installing contractors, and available financing to assist them in complex projects through a single-point-of-contact or one-stop-shop services. Provide the customer with other potential DSM and DER opportunities.

1 • Strategies
2 SoCalGas will use a mix of proven approaches and targeted innovations to deliver
3 residential energy efficiency solutions. These strategies will be adjusted throughout the program
4 cycle as market and regulatory conditions evolve to remain aligned with Commission
5 expectations. SoCalGas will also continue seeking creative third-party designs and coordinating
6 programs among PAs to strengthen a coordinated, sector-wide strategy that meets customer
7 needs and supports measurable progress.

8 The following sections outline the expected market-intervention strategies and the tactics
9 SoCalGas will use to implement them.

Figure 3.11.3: Residential Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Partnering	Partner with external stakeholders, deployed on an as-needed basis and intended to: increase the number of customers adopting energy efficiency; promote deeper, comprehensive energy efficiency; simplify customer engagement; and reduce program costs through a resource-sharing partner model based on equitably sharing of customer incentives and administrative costs among partners.	Public agencies and municipalities (South Coast Air Quality Management District(AQMD), POUs, water agencies) Industry (Trade Associations, Manufacturers, Distributors, Advocates) Trade Ally Networks
Intelligent Outreach	Identify and assist customers in achieving the greatest energy efficiency opportunities, improve efficiency in program delivery and provide deeper, comprehensive energy savings solutions.	Data Analytics Customer Targeting Propensity Modeling Data Sharing Customer Outreach and Awareness Single Point of Contact
Energy Audits	Assist customers in identifying the greatest energy efficiency opportunities, improving cost efficiency in program delivery, segment-specific benchmarking, and provide deeper, comprehensive energy efficiency solutions.	Virtual Energy Audits Energy Audits Industry Best Practice Sharing
Technical Assistance	Provide education and training to property owners or key facility personnel on energy efficiency practices and provide supplemental assistance with energy	Project Management Engineering Support Single-Point-of-Contact Design Assistance

Figure 3.11.3: Residential Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
	<p>efficiency project development and implementation for individual customer projects.</p> <p>Provide integrative sustainability assistance (e.g., technical assistance, education, project/program optimization) to sustainable professionals, customers, trade professionals, and stakeholder organizations that include all aspects of demand side management (energy efficiency, water, emission, sustainability, renewables, and decarbonization).</p>	<p>Integrated Distributed Energy Resources</p> <p>Integrated DSM</p>
<p>Education & Training</p>	<p>Deploy timely, targeted, and relevant education and instruction to customers, trade professionals, and customer intermediaries.</p>	<p>Contractor Training</p> <p>Distributor Training</p> <p>Loan Awareness</p> <p>Realtor Sales Training & Awareness</p> <p>Home Energy Rating</p>
<p>Behavioral Energy Usage Modification</p>	<p>Provide feedback and tools on home energy use, including normative comparisons with similar homes, tips for improving EE, and, occasionally, messaging about rewards, incentives, or competitions among participating businesses.</p>	<p>Home Energy Reports</p> <p>Energy Performance Rating</p>
<p>Customer Incentives</p>	<p>Facilitate customer choice by offering a simplified suite of financial incentive strategies to reduce the high first-cost barrier, the key market barrier for most</p>	<p>Meter-based Incentives</p> <p>Deemed Incentives</p> <p>Custom Incentives</p> <p>Bundled Measures</p>

Figure 3.11.3: Residential Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
	customers.	Tiered Incentives Incentive Stacking
Direct Install	Provide direct installation of a comprehensive suite of energy and water efficiency solutions using a contracted workforce to residential customers of all segments, with a particular focus on equity-defined customer groups.	Standard Direct Install Comprehensive Direct Install Customer Co-Payments
Mid/ Upstream Energy Efficiency	Provide financial incentives to manufacturers, distributors, and retailers to reduce the retail cost of energy efficiency equipment, promote stocking energy efficiency equipment, and inform customers about the availability of energy efficiency equipment at the midstream level.	Mid/Upstream Incentives Distributor Training
Financing and Alternative Funding	Provide various financing options designed to encourage customers to adopt deeper, more comprehensive energy efficiency solutions. Assist customers in finding and making informed decisions and applying for energy efficiency financing to help reduce their first-cost barrier (e.g., GoGreen Home Energy Financing). Assist customers in connecting with financing options designed to support energy efficiency improvements. These	Energy efficiency financing products Credit Enhancements Single Point of Contact Financing Assistance California Hub for Energy Efficiency Financing (CHEEF) GoGreen Home Energy Financing Leasing

Figure 3.11.3: Residential Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
	financing options are intended to help customers who may otherwise not participate in energy efficiency upgrades. Bundle or layer financing with other program offerings to support customer adoption of deep energy saving interventions.	
Online Marketplace	Provide an innovative, customer-focused online platform that connects customers to qualified energy sellers and buyers of efficient products. The platform offers product details and enables efficient, secure transactions, with financing available where applicable.	Online Marketplace Website Micro-loans ⁸³ Leasing

- 1 • Sector-specific Coordination
- 2 SoCalGas serves one of the largest residential gas markets in the country, and success in
- 3 this sector depends on strong, coordinated relationships with market actors, Portfolio
- 4 Administrators, regulators, and government partners. SoCalGas has a long history of working
- 5 with external stakeholders and sharing resources to advance common goals that benefit
- 6 customers and communities. These partnerships remain essential to deliver effective, equitable,
- 7 and scalable residential energy efficiency solutions. The following table identifies the key
- 8 partners SoCalGas will rely on to support the residential sector strategy.
- 9

Figure 3.11.4: Residential Sector - Partnering

Partner / Leveraging	Details
Governments (local,	SoCalGas will work with state and federal agencies to promote greater

⁸³ Refers to loans offered via Marketplace and CHEEF’s GoGreen finance programs.

Figure 3.11.4: Residential Sector - Partnering

Partner / Leveraging	Details
state & federal)	adoption of energy efficiency across customer segments.
	SoCalGas will continue its long-term collaboration with California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) who implements the CHEEF to design and promote innovative financing strategies through GoGreen Financing that encourage greater customer investment in energy efficiency. SoCalGas serves as the lead utility for the Statewide Financing Programs (i.e., GoGreen Financing) and plays a central role in implementing the program. SoCalGas helps support consistent program oversight, regulatory compliance, and effective delivery of financing solutions that support California’s clean energy and energy efficiency goals.
Industry (contractors, trade associations, advocates)	Partner, when appropriate, with industry associations and vendors (e.g., equipment/appliance contractors, home builders, property management companies, building associations, realtors, lenders, etc.) to increase program participation and achieve higher energy efficiency adoption levels with the residential sector.
	Trade organizations can survey their membership to find common concerns and potential solutions. Understanding these concerns can help PAs construct value propositions and tailor their program offerings to best serve these customers.
	Trade organizations have established communication channels with the industry to facilitate education for residential customers about energy efficiency programs through a variety of forums, including events and trade shows, social and print media, ad hoc roundtables, and regular meetings.
	SoCalGas will collaborate with trade allies to increase program promotion and customer awareness of the benefits of energy efficiency investments.

Figure 3.11.4: Residential Sector - Partnering

Partner / Leveraging	Details
	<p>Specialized technical assistance with expertise in specific residential segments can be highly effective at identifying energy saving opportunities.</p> <p>The expertise can be provided by in-house utility experts, independent technical consultants, and equipment vendors.</p>
Suppliers (manufacturers, distributors, retailers)	SoCalGas will actively work with equipment vendors and manufacturers to promote greater adoption of energy efficiency equipment across segments.
IOUs, POUs, Water Agencies and Water Districts	<p>Coordinate with PAs in overlapping areas. Provide customers with a robust set of offerings. Align delivery across programs. Include all applicable statewide programs.</p> <p>Actively coordinate with POUs and water agencies/districts to deliver energy and water efficiency programs.</p> <p>Engage in partnerships and co-delivery arrangements with IOUs, POUs, and water agencies/districts when there is a shared customer base (gas and electric) to simplify customer engagement and achieve higher levels of energy efficiency.</p>

1
2 Sustained and coordinated collaboration is essential to addressing the needs of residential
3 customers. SoCalGas will work closely with other PAs to expand customer awareness and
4 support the adoption of energy efficiency solutions in homes. SoCalGas will also partner with its
5 diverse third-party program implementers to support effective program delivery and strong
6 performance. As presented in the figure below, SoCalGas will continue to engage with
7 stakeholders to refine policies and approaches that advance energy efficiency adoption in the
8 residential sector.

Figure 3.11.5: Residential Sector - Coordination	
Coordination Area	Coordination Themes / Strategies
Portfolio Administrators (RENs, IOUs, CCAs, MTA)	Deliver comprehensive gas and electric programs to reach more customers.
	Leverage all available best practices and promote statewide consistency, where appropriate.
	Simplify program engagement and coordinate with other PAs to improve customer experience.
	Achieve all energy efficiency benefits, including operational energy savings.
	Conduct market research to identify and understand unique barriers to energy efficiency investments.
	Provide equitable access to the programs for customers located in Disadvantaged Communities.
	Coordinate with low-income offerings (e.g., Energy Savings Assistance (ESA) and CARE rate) to increase energy efficiency program participation among moderate-income customers and enable them to receive the appropriate program pathway.
Third-party Program Implementers	Solicit innovative programs and creative solutions from diverse third-party program implementers that can be implemented quickly and effectively.
	Continue collaboration with program implementers throughout the program's lifecycle.
Stakeholder Engagement	Work with the Commission and other key stakeholders to identify ways to simplify program requirements and coordinate policies that recognize the energy efficiency benefits of residential sector energy efficiency programs.

- 1 • Categorization by Segment
- 2 The following figure summarizes SoCalGas's energy efficiency program offerings,
- 3 organized by portfolio segment.

Figure 3.11.6: Residential – Program Categorization		
Resource Acquisition	Equity	Market Support
Residential Energy Efficiency Program	Comprehensive Mobile Home Direct Install Program	Residential Energy Advisor Retail Channel Support
Residential Behavioral Program	Community Language Program	SoCalGas Marketplace Program
Educational Outreach Program	Efficiency Outreach Program	Sustainability Studio
Single-Family Direct Install Program	Multifamily Whole Building Program	Municipality Partnership Program
Multifamily Direct Install Program		Integrated Energy Efficiency Training
Market Access Program		SW New Construction – Nonresidential – Mixed Fuel SW HVAC Quality Installation/Quality Maintenance

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2. Commercial

Southern California’s commercial economy operates at a scale that rivals that of entire nations, making it one of the most economically productive regions in the United States. California’s Gross Domestic Product (GDP) is now the fourth-largest economy in the world, behind only the U.S., China, and Germany.⁸⁴ Within that global-scale engine, Southern California contributes the largest share of statewide economic output, surpassing the GDP of most U.S. states and serving as a national hub for trade, logistics, entertainment, technology, and professional services. As the commercial sector continues to evolve toward flexible space design, wellness-oriented assets, and higher environmental standards, SoCalGas’s energy efficiency strategies remain essential to sustaining the productivity and resilience of one of the most important commercial markets in the world.

⁸⁴ Governor of California, *California is now the 4th largest economy in the world* (April 23, 2025), available at: <https://www.gov.ca.gov/2025/04/23/california-is-now-the-4th-largest-economy-in-the-world>.

1 The commercial energy efficiency sector portfolio provides a statewide, consistent suite
2 of products and services designed to help customers overcome persistent market barriers to
3 optimized energy management. The portfolio emphasizes integrated energy management
4 solutions, including strategic energy planning, technical support such as facility audits,
5 calculations, and sustainability assistance, and financial support through rebates, incentives, and
6 financing mechanisms. Targeted end users span the full range of commercial segments,
7 including distribution and technology warehouses, mixed-use office buildings, hospitality,
8 laboratories, hotels/motels, transit-oriented developments, restaurants, private and trade schools,
9 private hospitals, retail facilities, entertainment venues, and smaller customers with similar
10 purchasing characteristics.

11 Commercial sector strategies include financial incentives, comprehensive direct install
12 offerings, financing, retro commissioning, behavioral interventions, SEM, NMEC, custom
13 project development and review, and midstream and upstream approaches delivered through both
14 local and statewide programs.

- 15 • Sector-specific goals, objectives, and strategies

16 California’s energy efficiency landscape is shaped by a broad set of statutes that
17 collectively push utilities toward higher energy efficiency levels, better data, and more
18 accountable program delivery. In aggregate, these laws require coordinated planning, customer
19 focused program design, and alignment with statewide climate goals. For example, SB 1221
20 (2024) directs gas utilities to plan for targeted neighborhood decarbonization and enables pilots
21 that allow customers to transition off the gas system. While AB 802 (2015) establishes whole-
22 building energy-use benchmarking and normalized, meter-based efficiency. Both of which drive
23 utilities to design programs that are transparent, measurable, and supportive of long-term
24 emissions reductions. These and related statutes, as identified in Chapter 2 of Exhibit 1,
25 reinforce the expectation that utility programs operate cohesively within California’s broader
26 framework for reducing greenhouse gases and improving building performance.

27 Achieving statewide policy goals requires coordinated action across California, supported
28 by locally tailored solutions, strategic collaboration, and cost-effective implementation. Guided
29 by these statewide objectives, the commercial sector goals focus on increasing energy efficiency
30 adoption across all customer segments by addressing customer needs, aligning with expectations,
31 and reducing persistent market barriers. The figure below presents the four overarching

1 commercial sector goals and their corresponding measurable outcomes.

2

Figure 3.11.7: Commercial Sector - Goals & Objectives	
Sector Goals	Objectives
Increase energy efficiency adoption, particularly among equity-classified and small business groups.	Achieve greater participation from equity-classified and small customer groups.
Facilitate customers' transitions to decarbonization by increasing energy efficiency and promoting other decarbonization solutions with a particular focus on serving disadvantaged communities.	Achieve greater energy savings from all commercial segments and facilitate greater adoption of other decarbonization solutions such as fuel cells, renewable natural gas (RNG), hydrogen, and other emerging decarbonization solutions.
Expand behavior and operation-based intervention programs that promote energy efficiency and decarbonization.	Gain regulatory pathways and promote more operational and behavior-based interventions, including SEM and NMEC.
Leverage existing trained represented labor resources to help energy efficiency programs deliver services safely and reliably to small commercial customers.	Provide access to a uniquely trained workforce that programs can leverage to increase delivery efficiency and maintain safe and reliable installations for small commercial customers.

3 • Challenges and Outcomes

4 The commercial sector faces distinct challenges that limit customers' ability to achieve
 5 higher levels of energy efficiency. The challenges facing this sector and the expected outcomes
 6 of reducing these market barriers are summarized below.

Figure 3.11.8: Commercial Sector – Challenges & Outcomes	
Sector Challenges	Expected Outcomes
Varied and unique segments with specific needs make it challenging to offer a standard program that fits the	Increased customer adoption of energy efficiency solutions across all customer segments and sizes, with a focus on those with untapped energy

Figure 3.11.8: Commercial Sector – Challenges & Outcomes	
Sector Challenges	Expected Outcomes
needs of all customers.	efficiency potential. Development of unique incentives and pathways per customer segment, when appropriate.
The commercial sector is trending toward more leased properties, creating a larger split incentive barrier between owners and tenants.	Increased energy efficiency levels in commercial leased properties.
Limited awareness by the contractor community of available energy efficiency solutions and programs for their customers.	Increased knowledge of the contractor community of energy efficiency products and programs that enable greater customer adoption of higher efficiency equipment.
Need for safe, high-quality installations for small commercial customer groups.	Increased access to a uniquely trained workforce that can perform safe, quality installations for small commercial customers.
Sustainability initiatives are often treated as siloed activities, which can deprioritize holistic solutions that maximize energy, water, non-energy benefits, and emissions savings.	Increased level of holistic sustainable/regenerative interdisciplinary program solutions that encompass renewable energy, energy/water efficiency, sustainable building, program revitalization, urban agriculture, landscape science, waste management, and transportation planning through integrated technical assistance, outreach, and education.

- 1 • Strategies
- 2 SoCalGas proposes continuing to deploy a blend of established, evidence-based
- 3 approaches and new, innovative program strategies to deliver a comprehensive set of energy
- 4 efficiency solutions for commercial customers. These strategies may be refined, retooled, or
- 5 retired in response to dynamic market conditions and evolving regulatory policies. In addition,

1 SoCalGas will actively identify opportunities for synergy across programs to deliver more
 2 comprehensive energy efficiency solutions to more customers, improve delivery efficiency, and
 3 strengthen overall energy efficiency portfolio performance. Consistent with other program areas,
 4 SoCalGas will continue to seek creative, innovative designs from the third-party community to
 5 reinforce a cohesive sector-level solution strategy. The expected market intervention strategies
 6 and associated tactics are outlined below.

Figure 3.11.9: Commercial Sector – Intervention Strategies		
Intervention Strategy	Descriptions	Tactics
Partnering	Partner with external stakeholders, deployed on an as-needed basis and intended to: increase the number of customers adopting energy efficiency; promote deeper, comprehensive energy efficiency; simplify customer engagement; and reduce program costs through a cost-sharing partner model based on equitable sharing of customer incentives and administrative costs among partners.	Public agencies and municipalities (AQMDs, POUUs, water agencies) Industry (Contractors, Nonprofits, Professional Associations, Trade Associations, Advocates)
Intelligent Outreach	Assist customers in identifying the greatest energy efficiency opportunities, improve cost efficiency in program delivery, and provide deeper, more comprehensive energy savings solutions.	Data Analytics Customer Targeting Propensity Modeling Data Sharing Customer Outreach and Awareness Online Marketplace Website
Energy Audits	Assist customers in identifying energy efficiency opportunities, improve cost efficiency in program delivery, segment-specific benchmarking, and	Virtual Energy Audits Energy Audits Energy Management Technologies

Figure 3.11.9: Commercial Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
	provide deeper, comprehensive energy savings solutions.	Industry Best Practice Sharing
Technical Assistance	<p>Provide education and training to property owners or key facility personnel on energy efficiency practices and provide supplemental assistance with energy efficiency project development and implementation for individual customer projects.</p> <p>Provide integrative sustainability assistance (e.g., technical assistance, education, project/program optimization) to sustainable professionals, customers, trade professionals, and stakeholder organizations that include all aspects of demand side management (energy efficiency, water, emission, sustainability, renewables, and decarbonization).</p>	<p>Energy efficiency Project Management</p> <p>Engineering Support</p> <p>Single-Point-of-Contact</p> <p>Design Assistance</p> <p>Sustainable Support</p> <p>Integrated Distributed Energy Resources</p> <p>Integrated DSM</p>
Customer Incentives	Facilitate customer choice by offering a simplified suite of financial incentive strategies to reduce the high first-cost barrier, the key market barrier for most customers.	<p>Meter-based Incentives</p> <p>Deemed Incentives</p> <p>Custom Incentives</p> <p>Bundled Measures</p> <p>Tiered Incentives</p> <p>Incentive Layering</p>

Figure 3.11.9: Commercial Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Behavioral, Operational, and Maintenance	Provide customer engagement to reshape customer energy usage through behavior-based solutions. Influence customer behavior and operational and maintenance changes related to energy consumption through various tactics, such as comparative energy usage information.	Retro commissioning Strategic Energy Management Behavioral Modification Modified Savings Analysis Use of AMI Data Cross-Promotion Meter Large Projects Cohorts Awards & Recognition
Direct Install	Provide direct installation of a comprehensive suite of energy and water efficiency solutions using a contracted workforce to commercial customers of all segments, with a particular focus on disadvantaged communities.	Standard Direct Install Comprehensive Direct Install Customer Co-Payments
Mid/Upstream Energy Efficiency	Provide incentives to manufacturers, distributors, and retailers to reduce the retail cost of energy efficiency equipment, promote stocking such equipment, and inform customers about the availability of efficient equipment at the midstream level.	Mid/Upstream Incentives Distributor Outreach and Training
Financing	Provide a range of financing options, including on- and off-bill repayment solutions, to encourage customers to adopt deeper, more comprehensive energy efficiency solutions. Designed to	On-Bill Financing On-Bill Repayment (refers to CHEEF program) Micro-loans Leasing

Figure 3.11.9: Commercial Sector – Intervention Strategies		
Intervention Strategy	Descriptions	Tactics
	reduce upfront cost barriers and encourage customers to adopt deeper, more comprehensive energy efficiency solutions. These financing options are intended to support greater energy savings, enhance customer participation, and facilitate broader adoption of energy efficiency technologies.	

- Sector-specific Coordination
- The success of the commercial sector strategies will rely on strong, collaborative relationships with a range of market actors, PAs, program providers, regulators, and other government entities. Beyond this coordination, SoCalGas has a long history of partnering with external stakeholders and aligning resources to advance shared objectives that benefit customers and communities. The following figure identifies the key partners that SoCalGas will leverage to support the vision for the commercial sector.

Figure 3.11.11: Commercial Sector - Partnering	
Partner / Leveraging	Details
Governments (Local, State & Federal)	SoCalGas will work with state and federal agencies to promote greater adoption of energy efficiency across customer segments.
	Attractive financing will be a key program intervention to overcome the sector's affordability issues.
	SoCalGas will continue its long-term collaboration with CAEATFA to design and promote innovative financing strategies that encourage greater customer investment in energy efficiency. SoCalGas serves as the lead utility for the Statewide Financing Programs (GoGreen Financing) and plays a central

Figure 3.11.11: Commercial Sector - Partnering

Partner / Leveraging	Details
	<p>role in implementation of the program. SoCalGas helps support consistent program oversight, regulatory compliance, and effective delivery of financing solutions that support California’s clean energy and energy efficiency goals.</p>
<p>Industry (Contractors, trade associations, advocates)</p>	<p>Commercial trade organizations can provide an effective path to collaboration by serving as trusted sources of information on business concerns.</p>
	<p>Trade organizations can survey their membership to find common situations and offer potential solutions. Understanding these concerns can help Portfolio Administrators construct value propositions and tailor their program offerings to best serve these customers.</p>
	<p>Trade organizations have established communication channels with the industry to facilitate education for commercial customers about energy efficiency programs through a variety of forums, including social and print media, trade shows and expos, ad hoc roundtables, and regular meetings.</p>
	<p>SoCalGas will collaborate with trade allies to increase program promotion and customer awareness of the benefits of energy efficiency investments.</p>
	<p>Specialized technical assistance with expertise in specific commercial segments can be highly effective in identifying energy savings opportunities at commercial facilities.</p>
	<p>The expertise can be provided by in-house utility experts, independent technical consultants, and equipment vendors.</p>
<p>Suppliers (manufacturers, distributors, retailers)</p>	<p>SoCalGas will actively work with equipment vendors and manufacturers to facilitate integration and promote greater adoption of energy efficiency equipment across commercial</p>

Figure 3.11.11: Commercial Sector - Partnering	
Partner / Leveraging	Details
	segments.
POUs, AQMDs, Water Agencies and Water Districts	Actively coordinate with POUs, AQMDs, and water agencies to deliver energy and water efficiency programs.
	Engage in partnerships and co-delivery arrangements with POUs and water agencies when there is a shared customer base (gas and electric) to simplify customer engagement and achieve higher levels of EE.
	Actively coordinate with special districts across California and other regions to share best practices in program administration, design, and delivery.

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Sustained and coordinated collaboration remains essential to meeting the needs of commercial customers. SoCalGas will coordinate closely with all California PAs to raise customer awareness and support businesses in adopting energy efficiency solutions. SoCalGas will also work with its diverse third-party program implementers to support strong program delivery and performance. In addition, SoCalGas will continue to engage with stakeholders to refine policies that advance energy efficiency adoption in the commercial sector, with particular focus on customers with significant savings potential and smaller businesses that have historically not participated in programs.

Figure 3.11.12: Commercial Sector - Coordination	
Coordination Area	Coordination Themes / Strategies
Portfolio Administrators (IOUs, RENs, CCAs)	Deliver dual-fuel programs to reach more customers.
	Leverage all available best practices and promote statewide consistency, where appropriate.
	Simplify program engagement. Coordinate with PA RENs

Figure 3.11.12: Commercial Sector - Coordination

Coordination Area	Coordination Themes / Strategies
	through the JCM process.
	Achieve all energy efficiency benefits, including operational energy savings.
	Conduct market research to identify and understand unique barriers to energy efficiency investments.
	Promote awareness of other demand-side management opportunities, including cleaner renewables, digesters, carbon capture, and fuel cells.
Third-party Program Implementers	Solicit innovative programs and creative solutions from diverse third-party program implementers that can be implemented quickly and effectively.
	Continue collaboration with program implementers throughout the program’s lifecycle.
Stakeholder Engagement	Work with the Commission and other key stakeholders to identify ways to simplify program requirements and coordinate policies that recognize all energy efficiency benefits associated with commercial-sector energy efficiency programs.

1 • Categorization by Segment

2 The figure below presents the proposed set of energy efficiency programs for the
 3 Commercial customer segment. Programs shown in the equity column are formally reported as
 4 resource acquisition offerings, but they are intentionally structured also to target and serve
 5 equity-defined customers and to deliver services that expand equitable access and participation.

Figure 3.11.13: Commercial Sector – Program Categorization

Resource Acquisition	Equity	Market Support
Small & Medium Commercial Energy Efficiency Program	Small & Medium Commercial Energy Efficiency Program *	Integrated Energy Efficiency Training
Large Commercial Energy Efficiency Program		Municipality Partnership Program

Figure 3.11.13: Commercial Sector – Program Categorization		
Resource Acquisition	Equity	Market Support
Non-residential Energy Efficiency Program Strategic Energy Management Market Access Program (MAP) SW Foodservice Point Of Sale SW Midstream Commercial Water Heating		Business Energy Efficiency Surveys SW New Construction Nonresidential - Mixed Fuel Sustainability Studio SoCalGas Marketplace Program
*Consistent with SoCalGas consolidation of programs, Small & Medium Commercial program has been consolidated into one Resource Acquisition program but still plans to serve equity customers.		

1 **3. Industrial**

2 Southern California’s industrial base, served primarily by SoCalGas, remains one of the
 3 most economically consequential regions in both California and the United States. The
 4 proximity of the ports of Los Angeles and Long Beach has long positioned this area as a national
 5 hub for manufacturing, logistics, and global trade. This concentration of industrial activity forms
 6 a critical backbone of statewide economic output, employment, and supply chain resilience. In
 7 this context, the stability of the SoCalGas industrial sector in recent years reflects not only
 8 regional economic strength but also the sector’s capacity to adapt to evolving market conditions.

9 Industrial market dynamics continue to be shaped by a range of factors, including
 10 increases in equipment efficiency codes for boilers, the growth of flex-space redevelopment such
 11 as the Los Angeles Arts District, tightening emissions standards for Nitrogen Oxide (Nox) and
 12 Green House Gases (GHGs), state legislation such as AB 32,⁸⁵ and shifting transportation and
 13 logistics patterns driven by port congestion and the expansion of e-commerce.

14 To better understand this diverse landscape, SoCalGas organizes industrial customers
 15 into four primary segments: refineries; food manufacturing and beverage; minerals, metals, and
 16 plastics; and textiles, wood, paper, printing, and related industries. Customer sizes vary

⁸⁵ AB 32 set California’s long-term greenhouse gas reduction mandate, driving rising compliance costs and decarbonization requirements for natural gas industrial customers through Cap and Trade, efficiency standards, and pressure to transition to lower carbon processes.

1 significantly within each segment, creating a diffuse energy efficiency market with substantial
2 untapped savings potential tied to operational and process improvements.

3 SoCalGas's industrial sector strategies will continue to support customers with
4 innovative, sector-specific solutions. Industrial customers generally fall into two groups: those
5 that rely on natural gas for core industrial processes, and those whose energy-use patterns
6 resemble commercial operations. Both groups face meaningful barriers to adopting higher levels
7 of energy efficiency, including the difficulty of decarbonizing high-temperature processes and
8 the geographic clustering of similar facilities, which create opportunities for targeted, cluster-
9 based approaches.

10 To meet these needs, SoCalGas provides a comprehensive suite of services designed to
11 improve energy efficiency performance across industrial facilities. These services include
12 energy efficiency and demand management audits; technical assistance with measure
13 specification, procurement, Quality Assurance/Quality Control (QA/QC), and project
14 management; post-installation inspections to verify performance; strategic energy management
15 support; and financial incentives and project financing for installed measures. Incentives are
16 based on deemed savings per unit of equipment and calculated savings per unit of energy.

17 • Sector-specific Goals, Objectives, and Strategies

18 The industrial sector presents significant opportunities for customers to reduce energy use
19 through operational improvements, production process enhancements, and strengthened
20 operations and maintenance practices. SoCalGas offers targeted program strategies designed to
21 help customers capture these savings on a lasting basis. An evaluation study prepared for the
22 Commission found that SoCalGas's deemed and calculated industrial incentive programs ranked
23 first and second among 163 energy efficiency programs statewide in both retrofit depth and
24 cost-effectiveness.⁸⁶ To expand energy efficiency adoption among small business owners,
25 SoCalGas will also provide simple, low-cost strategies tailored to the needs of smaller
26 operations. To advance this vision for industrial customers, SoCalGas has established the
27 following goals and measurable outcomes.

⁸⁶ Itron, Inc., *Comprehensiveness Analysis Report, Phase I*, Study ID CPU0146.01 (July 8, 2016),
available at: https://www.calmac.org/publications/Comprehensiveness_Analysis_Report_-_Phase_I.pdf.

Figure 3.11.15: Industrial Sector - Goals & Objectives	
Sector Goals	Objectives
Increase the adoption of energy efficiency and carbon-neutral solutions across all industrial segments.	Increase energy savings from targeted larger and medium-sized customer groups by 50% over 2015 levels by 2030.
Position behavior-based interventions, such as SEM to facilitate permanent changes in practices that address energy efficiency, decarbonization, other DSM, and distributed energy resources opportunities.	Expand the reach of SEM offerings by increasing the number of cohorts treated.
Participate in and drive the Industrial Cluster approach to further decarbonization goals by improving systemic efficiency, promoting renewable heat, advancing hydrogen, and advancing carbon capture/utilization.	Achieve deep, comprehensive energy efficiency levels with significant carbon reductions utilizing the Industrial Cluster engagement method.

- Challenges and Outcomes
- Industrial customers generally fall into two groups: those that depend on natural gas for core industrial processes, and those whose energy-use patterns resemble those of commercial operations. Despite these differences, both groups face significant obstacles in adopting higher levels of energy efficiency in their business practices.
- To address these challenges, SoCalGas will continue to collaborate with third-party program implementers and coordinate with other PAs to advance portfolio objectives, expand energy efficiency adoption, and minimize customer confusion regarding available program offerings. The challenges facing the industrial sector and the expected outcomes of reducing these market barriers are summarized below.

Figure 3.11.16: Industrial Sector – Barriers & Outcomes	
Sector Challenges	Expected Outcomes
Customers with high-temperature heating have limited opportunities to electrify.	Increase adoption of energy efficiency solutions, including behavioral usage

Figure 3.11.16: Industrial Sector – Barriers & Outcomes

Sector Challenges	Expected Outcomes
	modification to reduce energy usage and promote decarbonization solutions (e.g., carbon capture)
Low adoption of energy efficiency solutions by equity-defined customers, including very small/ small customers.	Increased adoption of energy efficiency solutions by very small/ small industrial groups.
Current industrial organizational practices do not realize the benefits of energy efficiency and non-energy benefits.	More permanent changes to customers' industrial practices that incorporate energy efficiency and non-energy solutions into industrial organizational practices.
Diffused industrial markets make it difficult and costly to convince diverse customer segments to pursue energy efficiency.	Increased adoption of energy efficiency across all industrial segments, utilizing the Industrial Cluster strategy where appropriate.
Customers lack the capital to pursue deeper, more comprehensive energy efficiency initiatives, as capital projects in this sector are very costly.	Increased access to energy efficiency financing vehicles and customer incentives, resulting in deeper, more comprehensive energy efficiency projects.

• Strategies

SoCalGas will deploy a balanced mix of established, evidence-based approaches and emerging, innovative program strategies to deliver a comprehensive suite of energy efficiency solutions for industrial customers. SoCalGas will continue these strategies and refine, retool, or retire them as market conditions change and Commission policies evolve. Consistent with Commission direction and best practices in portfolio administration, SoCalGas will also draw on the expertise and creativity of the third-party implementer community to strengthen sector-level design and expand the range of viable interventions. The market intervention strategies and associated tactics are summarized below.

Figure 3.11.17: Industrial Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Partnering	Partner with external stakeholders, deployed on an as-needed basis and intended to: increase the number of customers adopting energy efficiency; promote deeper, comprehensive energy efficiency; simplify customer engagement; and reduce program costs through a cost-sharing partner model based on equitably sharing of customer incentives and administrative costs among partners.	Public Agencies and Municipalities (AQMDs, POU, Water Agencies) Industry (Contractors, Trade Associations, Advocates)
Intelligent Outreach	Assist customers in identifying the greatest energy efficiency opportunities, improving program delivery efficiency, and providing deeper, more comprehensive energy efficiency solutions.	Industrial Clusters Data Analytics Customer Targeting Propensity Modeling Data Sharing Customer Outreach and Awareness
Energy Audits	Assist customers in identifying the greatest energy efficiency opportunities, improve cost efficiency in program delivery, segment-specific benchmarking, and provide deeper, comprehensive energy savings solutions.	Virtual Energy Audits Energy Audits Energy Mgmt. Technologies Industry Best Practice Sharing

Figure 3.11.17: Industrial Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Technical Assistance	<p>Provide education and training to property owners or key facility personnel on energy efficiency practices and provide supplemental assistance with energy efficiency project development and implementation for individual customer projects.</p> <p>Provide integrative sustainability assistance (e.g., technical assistance, education, project/program optimization) to sustainable professionals, customers, trade professionals, and stakeholder organizations that include all aspects of demand side management (energy efficiency, water, emission, sustainability, renewables, and decarbonization).</p>	<p>Project Management Engineering Support Single-Point-of-Contact Integrated Distributed Energy Resources Integrated DSM</p>
Customer Incentives	<p>Facilitate customer choice by offering a simplified suite of financial incentive strategies to reduce the high first-cost barrier, the key market barrier for most customers.</p>	<p>Meter-based Incentives Deemed Incentives Custom Incentives Bundled Measures Tiered Incentives Incentive Stacking</p>
Behavioral, Operational, and Maintenance	<p>Provide customer engagement to reshape customer energy usage through behavior-based solutions. Influence customer behavior, operational, and maintenance</p>	<p>Retro-commissioning Strategic Energy Management Behavioral Modification</p>

Figure 3.11.17: Industrial Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
	changes related to energy consumption, using tactics such as comparative energy usage information.	Modified Savings Analysis Use of AMI Data Cross-Promotion Meter Large Projects Cohorts Awards & Recognition
Direct Install	Provide direct installation of a suite of energy and water efficiency solutions using a contracted workforce to industrial customers of all segments, with a particular focus on small and medium-sized customers.	Standard Direct Install Comprehensive Direct Install Customer Co-Payments
Mid/Upstream Energy Efficiency	Provide incentives to manufacturers, distributors, and retailers to reduce the retail cost of energy efficiency equipment, promote stocking it, and inform customers about its availability at the midstream level.	Mid/Upstream Incentives Distributor Training
Financing	Provide an on-bill financing option to reduce the upfront capital barrier and encourage customers to adopt deeper, more comprehensive energy efficiency solutions.	On-Bill Financing On-Bill Repayment

- Sector-specific Coordination (if needed)

SoCalGas will continue to advance its industrial sector energy efficiency program portfolio by partnering with a broad network of organizations to expand program reach, improve customer engagement, and accelerate the adoption of energy efficiency solutions. These partnerships span all levels of government, industry trade organizations, equipment suppliers,

1 and public agencies, each offering unique capabilities to address sector-specific barriers and
 2 support more comprehensive energy efficiency outcomes. Through these collaborations,
 3 SoCalGas can leverage trusted communication channels, specialized technical expertise,
 4 financing mechanisms, and co-delivery opportunities to better serve industrial customers of all
 5 sizes. The figure below summarizes the key partnering strategies and the roles of each
 6 stakeholder group.

Figure 3.11.18: Industrial Sector - Partnering	
Partner / Leveraging	Details
Governments (Local, State & Federal)	SoCalGas will work with state and federal agencies to promote greater adoption of energy efficiency across customer segments.
	SoCalGas will leverage its existing partnerships with local and state governments to develop and implement program strategies directed at smaller industrial customer groups.
	Financing will be a key program intervention to overcome the sector's high upfront costs for energy efficiency.
Industry (Contractors, trade associations, advocates)	Industrial trade organizations can provide an effective path to industrial sector collaboration, mainly by serving as a trusted source of information about business concerns facing specific industrial segments.
	Trade organizations can survey their membership to find common concerns and potential solutions.
	Understanding these concerns can help portfolio administrators construct value propositions and tailor their program offerings to best serve these customers.
	Trade organizations have established communication channels with the industry to educate industrial customers about energy efficiency programs through a variety of forums, including social and print media, expos/conferences, ad hoc roundtables, monthly meetings, and regional or national quarterly or annual meetings.
	SoCalGas will collaborate with trade allies to increase program

Figure 3.11.18: Industrial Sector - Partnering

Partner / Leveraging	Details
	promotion and customer awareness of the benefits of energy efficiency investments.
	Specialized technical assistance with expertise in specific industrial processes can be highly effective in identifying energy savings opportunities at industrial facilities.
	The expertise can be provided by in-house utility experts, independent technical consultants, and equipment vendors.
Suppliers (manufacturers, distributors, retailers)	SoCalGas will actively work with equipment vendors and manufacturers to promote greater adoption of energy efficiency equipment across industrial segments.
POUs, AQMDs, Water Agencies, AQMDs, and Water Districts	Actively coordinate with POUs, AQMDs, and water agencies to deliver energy and water efficiency programs.
	Engage in partnerships and co-delivery arrangements with POUs and water agencies when there is a shared customer base (gas and electric) to simplify customer engagement and achieve higher levels of energy efficiency.
	Actively coordinate with POUs and water agencies across California and other regions to share best practices in program administration, design, and delivery.

1 Coordination across the industrial sector will focus on aligning efforts among PAs,
2 third-party implementers, and key stakeholders to strengthen program delivery and expand
3 energy efficiency benefits. PAs will work together to apply best practices, simplify customer
4 engagement, capture all operational and energy efficiency benefits, conduct market research to
5 understand sector-specific barriers, and promote complementary demand-side management
6 opportunities such as cleaner renewables and advanced technologies. SoCalGas will also
7 continue to solicit innovative, quickly deployable solutions from diverse third-party
8 implementers and maintain active collaboration throughout each program’s lifecycle. In parallel,

1 SoCalGas will engage with the Commission and other stakeholders to streamline program
 2 requirements and coordinate policies that recognize the value of industrial energy efficiency
 3 investments. The table below summarizes the coordination areas and strategies across these
 4 stakeholder groups.
 5

Figure 3.11.19: Industrial Sector - Coordination

Coordination Area	Coordination Themes / Strategies
Portfolio Administrators (RENs, IOUs, CCAs)	Leverage all available best practices and promote statewide consistency, where appropriate.
	Simplify program engagement.
	Capture all energy efficiency benefits, including operational energy savings.
	Conduct market research to identify and understand unique barriers to energy efficiency investments.
	Promote other demand-side management opportunities, such as cleaner renewable energy, digesters, carbon capture, and fuel cells.
Third-party Program Implementers	Solicit innovative programs and creative solutions from diverse third-party program implementers that can be implemented quickly and effectively.
	Continue collaboration with program implementers throughout the program's lifecycle.
Stakeholder Engagement	Work with the Commission and other key stakeholders to identify ways to simplify program requirements and coordinate policies that recognize all energy efficiency benefits associated with industrial energy efficiency programs.

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- Categorization by Segment

Figure 3.11.20: Industrial Sector – Program Categorization

Resource Acquisition	Equity	Market Support
Industrial Energy Efficiency Program Strategic Energy Management Nonresidential Energy Efficiency Program	Industrial Energy Efficiency Program*	Business Energy Efficiency Surveys SW New Construction – Nonresidential – Mixed Fuel Sustainable Studio
*Industrial Energy Efficiency Program is classified as an RA program, but plans to serve equity customers.		

4. Agricultural

California’s agricultural sector reflects the work and ingenuity of millions of Californians who sustain one of the nation's most diverse growing regions. While many states rely on monocrop agriculture, such as the vast wheat belts of Kansas or the corn-dominated landscapes of Iowa, California’s farmers and ranchers cultivate a wide array of crops that form the backbone of the state’s agricultural economy. This diversity shapes a sector where energy is essential, yet customers remain primarily focused on crop health, yield, and are responsible for water and land management.

SoCalGas agricultural customers span the full spectrum of the industry, from small family farms to large commercial operations, and include greenhouses, wineries, dairies, urban farms, and field-crop producers. The SoCalGas service territory covers the Lower San Joaquin Valley, Central Coast, and Southern California growing regions, where SoCalGas has identified significant opportunities to support changes in energy practices and behaviors that promote greater efficiency in segment-specific agricultural systems and processes. Many of these operations are located in rural, historically hard-to-reach and/or disadvantaged communities, underscoring the need for tailored outreach and engagement strategies.

SoCalGas’s agricultural sector strategies are designed to integrate energy-efficient solutions that support decarbonization and protect agricultural lands. The sector provides a comprehensive suite of offerings—including strategic energy planning, technical support services, facility audits, calculation and sustainability assistance, financing options, and financial

incentives through rebates. These efforts also advance the strategies outlined in the Commission on Environmental, Economic and Social Policy (CEESP's) agricultural and industrial chapters and align them with the broader objectives of the Application.

The agricultural sector includes irrigated growers of crops, fruits, vegetables, and nuts; greenhouses; on-site post-harvest processors such as ginners, nut hullers, and refrigerated warehouses; and dairies. Historically, due to North American Industry Classification System (NAICS) classifications, food processors have received IOU services through agricultural program offerings. However, many facilities integrate on-site processing with growing operations, including canners, dryers, freezers, prepared-food manufacturers, wineries, and water-distribution customers, whose needs may also be addressed through these program offerings.

- **Sector-specific goals, objectives, and strategies**

Within its territory, SoCalGas has identified opportunities to change the energy practices and behaviors of agricultural customers to promote greater energy efficiency in segment-specific agricultural systems and processes. SoCalGas has developed the following goals and measurable outcomes to realize the agricultural sector vision.

Figure 3.11.21: Agricultural Sector - Goals & Objectives

Sector Goals	Objectives
Increase adoption of deeper, more comprehensive energy efficiency solutions among equity-classified customers (HTR, DAC, ESJ, underserved, rural) and smaller customers.	Increase program participation of equity-classified and smaller-sized customers.
Encourage energy efficiency investment to lower operational costs, improve customer competitiveness, and support decarbonization.	Increase participation in energy efficiency programs by 50% over 2015 levels by 2030.
Pursue sustainability and decarbonization through integrated energy efficiency and decarbonization solutions among all agricultural customer segments.	Increase customer adoption of energy efficiency solutions that significantly reduce carbon emissions and encourage adoption of decarbonization solutions such as renewable

Figure 3.11.21: Agricultural Sector - Goals & Objectives

Sector Goals	Objectives
	natural gas, hydrogen, fuel cells, and others.

1 • **Challenges and Outcomes**

2 The agricultural sector faces a range of barriers that can limit customers’ ability to
 3 achieve greater energy efficiency savings. The key challenges and corresponding opportunities
 4 to reduce these market barriers are outlined below.

Figure 3.11.22: Agricultural Sector – Challenges & Outcomes

Sector Challenges	Expected Outcomes
Many equity-classified agricultural customers, including smaller operations, face technical and financial constraints that limit their ability to pursue energy efficiency opportunities. These customers are often located in remote rural areas and may require additional language and outreach support, making engagement more challenging. Targeted strategies are therefore essential so that these customers have equitable access to energy efficiency programs.	Increased, deeper, comprehensive energy efficiency savings from equity-classified customers, including smaller-sized customers.
The agricultural sector faces competing priorities, such as water scarcity and crop yields, that may overshadow energy efficiency.	Increased investment in energy efficiency to lower operational costs and improve competitiveness.
The agricultural sector also faces participation challenges due to the seasonality of farming. Growing and harvesting cycles often do not align with a typical energy efficiency program year, and during these peak periods, customers are	Aligned outreach and energy efficiency upgrade opportunities with off-peak periods in the growing and harvesting cycles, when customers have greater capacity to engage and complete energy efficiency projects.

Figure 3.11.22: Agricultural Sector – Challenges & Outcomes	
Sector Challenges	Expected Outcomes
focused on core operations, making energy efficiency upgrades a lower priority.	
A diverse agricultural sector base makes it difficult to offer programs that fit the needs of all customers.	Increased program participation across all segments within the sector.

1 • **Strategies**

2 SoCalGas will employ a mix of proven approaches and new, innovative program
3 strategies to deliver a comprehensive set of energy efficiency solutions for agricultural
4 customers. These strategies will be introduced over time and may be refined, retooled, or retired
5 as market conditions evolve and Commission policies change. Consistent with other program
6 areas, SoCalGas will also draw on creative third-party designs to strengthen sector-level
7 solutions. The potential market intervention strategies and associated tactics are outlined below.

Figure 3.11.23: Agricultural Sector – Intervention Strategies		
Intervention Strategy	Descriptions	Tactics
Partnering	Partner with external stakeholders on an as-needed basis to expand customer adoption of energy efficiency, support deeper and more comprehensive savings, simplify customer engagement, and reduce program costs through a cost-sharing model that equitably allocates incentives and administrative expenses among participating partners.	Public agencies and municipalities (such as AQMDs, POUs, Special Districts and Water Agencies) Industry (Contractors, Trade Associations, Advocates)
Intelligent Outreach	Assist customers in identifying the greatest energy efficiency opportunities, improve cost efficiency in program delivery, and provide deeper, more	Data Analytics Customer Targeting Propensity Modeling Data Sharing

Figure 3.11.23: Agricultural Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
	comprehensive energy savings solutions.	Customer Outreach and Awareness
Energy Audits	Assist customers in identifying the greatest energy efficiency opportunities, improving cost efficiency in program delivery, segment-specific benchmarking, and provide deeper, comprehensive energy savings solutions.	Virtual Energy Audits Energy Audits Energy Mgmt. Technologies Industry Best Practice Sharing
Technical Assistance	Provide education and training to property owners or key facility personnel on energy efficiency practices and provide supplemental assistance with energy efficiency project development and implementation for individual customer projects. Provide integrative sustainability assistance (e.g., technical assistance, education, project/program optimization) to sustainable professionals, customers, trade professionals, and stakeholder organizations that include all aspects of demand side management (energy efficiency, water, emission, sustainability, renewables, and decarbonization).	Project Management Engineering Support Single-Point-of-Contact Integrated Distributed Energy Resources Integrated DSM

Figure 3.11.23: Agricultural Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Customer Incentives	Facilitate customer choice by offering a simplified suite of financial incentive strategies to reduce the high first-cost barrier, the key market barrier for most customers.	Meter-based Incentives Deemed Incentives Custom Incentives Bundled Measures Tiered Incentives Incentive Stacking
Behavioral, Operational, and Maintenance	Provide customer engagement to reshape customer energy usage through behavioral-based solutions. Influence customer behavior, operational. And maintenance changes related to energy consumption, using tactics such as comparative energy usage information.	Retro-commissioning Strategic Energy Management Behavioral Modification Modified Savings Analysis Use of AMI Data Cross-Promotion Meter Large Projects Cohorts Awards & Recognition
Direct Install	Provide direct installation of a comprehensive suite of energy and water efficiency solutions using a contracted workforce to agricultural customers of all segments, with a particular focus on disadvantaged communities.	Direct Install Customer Co-Payments
Financing	Provide various financing and leasing options, including on- and off-bill repayment solutions, to encourage customers to adopt deeper, more comprehensive energy efficiency	On-Bill Financing Equipment Leasing

Figure 3.11.23: Agricultural Sector – Intervention Strategies		
Intervention Strategy	Descriptions	Tactics
	solutions.	

- Sector-specific Coordination (if needed)**

Open, ongoing collaboration is essential to meeting the needs of Agricultural customers. SoCalGas will coordinate closely with other PAs to expand awareness of energy efficiency opportunities and support the adoption of energy efficiency solutions across farms and agricultural businesses. SoCalGas will also work with its diverse third-party implementers to support effective program delivery and performance. SoCalGas will continue to engage collaboratively with stakeholders to refine policies and approaches that advance energy efficiency adoption in the agricultural sector.

Figure 3.11.24: Agricultural Sector – Partnering	
Partner / Leveraging	Details
Governments (Local, State & Federal)	SoCalGas will work with local, state, and federal agencies to promote greater energy efficiency adoption across customer segments.
	SoCalGas will leverage its existing partnerships with local and state governments to develop and implement program strategies directed at smaller agricultural customer groups.
	Financing will be a key program intervention to overcome the sector’s high upfront costs for EE.
Industry (Contractors, trade associations, advocates)	Agricultural trade organizations and universities can provide a practical path to collaboration in the agricultural sector, particularly by serving as trusted sources of information on the business concerns of specific agricultural segments.
	Trade organizations can survey their membership to find common concerns and potential solutions. Understanding these concerns can help PAs develop value propositions and tailor

Figure 3.11.24: Agricultural Sector – Partnering

Partner / Leveraging	Details
	their program offerings to best serve these customers.
	Trade organizations have established communication channels with industry to facilitate customer education about energy efficiency programs through a variety of forums, such as social and print media, ad hoc roundtables, monthly meetings, and regional or national quarterly or annual meetings.
	SoCalGas will collaborate with trade allies to increase program promotion and customer awareness of the benefits of energy efficiency investments.
	Specialized technical assistance with expertise in specific agricultural segments can effectively identify energy savings opportunities at agricultural facilities.
	The expertise can be provided by in-house utility experts, independent technical consultants, and equipment vendors.
AQMDs, Water Agencies, and Water/Irrigation Districts	Actively coordinate with AQMDs and water agencies to deliver energy and water efficiency programs.
	Engage in partnerships and co-delivery arrangements with water agencies when there is a shared customer base to simplify customer engagement and achieve higher levels of energy efficiency.
	Actively coordinate with water agencies across California and other regions to share best practices in program administration, design, and delivery.

1 SoCalGas will coordinate closely with all PAs to expand awareness of energy efficiency
2 opportunities and support the adoption of efficient solutions across farms and agricultural
3 businesses. As the PA, SoCalGas will also work with its diverse third-party implementers to
4 support program delivery and performance. SoCalGas will continue to engage collaboratively

1 with stakeholders to refine policies and approaches that advance energy efficiency adoption in
 2 the agricultural sector.

Figure 3.11.25: Agricultural Sector – Coordination	
Coordination Area	Coordination Themes / Strategies
Portfolio Administrators (RENs, IOUs, CCAs)	Deliver dual-fuel programs to reach more customers.
	Leverage all available best practices and promote statewide consistency, where appropriate.
	Simplify program engagement.
	Capture all energy efficiency benefits, including operational energy savings.
	Conduct market research to identify and better understand unique barriers to energy efficiency investments.
	Promote other DSM opportunities, including cleaner renewables, digesters, carbon capture, and fuel cells.
Third-party Program Implementers	Continue to solicit innovative programs and creative solutions from diverse third-party program implementers that can be implemented quickly and effectively.
	Continue collaboration with program implementers throughout the program’s lifecycle.
Stakeholder Engagement	Work with the Commission and other key stakeholders to identify ways to simplify program requirements and coordinate policies that recognize all energy efficiency benefits associated with agricultural sector energy efficiency programs.

3 • **Categorization by Segment**

Figure 3.11.26: Agricultural Sector – Program Categorization		
Resource Acquisition	Equity	Market Support
Agriculture Energy Efficiency Program Nonresidential Energy Efficiency Program	Agriculture Energy Efficiency Program*	Business Energy Efficiency Surveys SW New Construction – Nonresidential – Mixed

Figure 3.11.26: Agricultural Sector – Program Categorization		
Resource Acquisition	Equity	Market Support
		Fuel Sustainable Studio
*Agriculture Energy Efficiency Program is classified as an RA program, but plans to serve equity customers		

1 **5. Public**

2 Public sector customers operate under centralized decision-making structures that can
3 drive organizational change. These same structures carry significant public oversight, often
4 slowing final decisions. Even so, they position agencies to pursue deeper energy efficiency
5 improvements and adopt demand-side solutions, including renewable energy, to reduce costs and
6 environmental impacts in support of federal, state, and local mandates.

7 As tax-funded entities, public sector customers operate under executive, legislative, and
8 regulatory mandates that shape their budgeting and procurement processes. They are generally
9 not profit-motivated, work within fixed utility budgets, and must follow public processes for
10 major decisions, including funding and project approvals. Their annual budget cycles often align
11 with fiscal-year timelines rather than calendar years, and they must comply with prevailing-wage
12 requirements and specialized labor and purchasing rules. These characteristics distinguish
13 public-sector agencies from most commercial businesses.

14 The public sector’s core mission is to provide essential services, such as public safety,
15 education, and infrastructure management. It encompasses four primary segments: local
16 government, state government, federal government, and public education. Each segment
17 includes multiple customer groups that can be further defined by agency, department, or district
18 (e.g., water, sanitation, and school districts).

19 SoCalGas supports public sector customers through statewide partnerships and
20 third-party implementers, using these collaborations to advance energy-efficiency and climate
21 goals and to refine its public sector strategy. The Statewide Institutional Partnerships address
22 programmatic challenges across higher education campuses, municipal water and wastewater
23 agencies, and state facilities, and now form a core part of the portfolio. Local governments

1 remain a distinct segment with unique operational needs and a growing focus on reducing GHG
 2 emissions, expanding renewable energy, and advancing community sustainability. Building on
 3 lessons from the former Local Government Partnership model, SoCalGas now delivers public
 4 sector support through the regional energy pathway framework, which expands engagement,
 5 improves access to energy-efficiency resources, and provides more flexible, responsive service
 6 across the territory. This model leverages experienced SoCalGas staff and Regional
 7 Ambassadors to identify local opportunities and connect agencies with effective energy
 8 efficiency solutions. The following summarizes the sector-specific goals, objectives, and
 9 strategies SoCalGas has identified for the Public Sector.

10 • **Sector-specific goals, objectives, and strategies**

Figure 3.11.27: Public Sector - Goals & Objectives	
Sector Goals	Objectives
Drive comprehensive, deep energy efficiency improvements across public facilities to support the Commission’s energy efficiency goals and advance California’s building sector decarbonization policies.	Increase public sector customer participation in energy efficiency to achieve energy savings targets.
Support public sector agencies serving equity-defined customer groups receive appropriate support to access and promote energy efficiency solutions to municipal, residential, and business customers.	Drive energy savings from public customers serving rural communities and DACs through 2030.

11 • **Challenges and Outcomes**

12 Public sector customers face distinct barriers that limit their ability to achieve greater
 13 energy efficiency. The challenges specific to this sector, and the expected outcomes from
 14 reducing these market barriers, are summarized below.

Figure 3.11.28: Public Sector – Challenges & Outcomes

Sector Challenges	Expected Outcomes
<p>Disruptive events add to the existing challenges public sector customers face with limited staff and budget resources, potentially with long-lasting impacts. Challenges range from schools closing to public hospitals being overwhelmed with patients and conditions that do not allow for energy efficiency projects.</p>	<p>Identify energy efficiency solutions among customers with substantial savings potential to advance decarbonization efforts in public-sector-owned buildings.</p>
<p>Low energy efficiency adoption levels indicate that public sector agencies serving rural and equity-defined customer groups are particularly affected.</p>	<p>Increased energy efficiency levels among public sector customers in rural areas, and among equity-defined customer groups.</p>
<p>Public sector customers operate on budget cycles that often differ from energy efficiency program years, leading to missed opportunities when funding is not available at the right time.</p>	<p>Aligned energy efficiency offers public sector budget cycles, so that customers can pursue upgrades when funding becomes available.</p>
<p>Schools and other public buildings also follow strict occupancy and access schedules, limiting when energy efficiency upgrades can be approved and installed.</p>	<p>Energy efficiency programs align their offerings with public-sector budget, occupancy, and access schedules, enabling deeper and more comprehensive upgrades during the limited windows when schools and public buildings can approve and install projects.</p>
<p>Rising consumer price index trends signal potential inflationary pressures on products, services, and project budgets. For the public sector, these pressures may be compounded by declining or lagging tax revenues, which can constrain operating budgets and limit agencies'</p>	<p>More funding options for customers, including On-Bill Financing</p>

Figure 3.11.28: Public Sector – Challenges & Outcomes

Sector Challenges	Expected Outcomes
ability to participate in energy-efficiency programs.	

1 • **Strategies**

2 SoCalGas has long supported public sector customers through a combination of direct
3 energy efficiency programs, Statewide partnerships with state agencies, and offerings for higher
4 education institutions. Building on this foundation, SoCalGas will deploy a mix of proven
5 approaches and new, innovative strategies to deliver a comprehensive suite of energy efficiency
6 solutions for public-sector customers. These strategies will be adjusted as needed to reflect
7 evolving market conditions and changes in Commission policy. Consistent with the
8 Commission’s direction, SoCalGas will also draw on creative third-party program designs to
9 strengthen sector-level solutions and expand customer reach. The market intervention strategies
10 and associated tactics are outlined below.

Figure 3.11.29: Public Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Partnering	Partner with external stakeholders to drive customer adoption of EE, support deeper and more comprehensive savings, simplify customer engagement, and reduce program costs through a cost-sharing model that equitably allocates incentives and administrative expenses among partners.	Ambassador Model Local Community Organizations and Chamber Associations Economic Development Collaboratives Government (local, state, federal) Education (Universities, Public K-12) Industry (Contractors, Trade Associations, Advocates) Public Agencies and Municipalities (AQMDs, POUs, Water Agencies) Collaboration with RENs Grant Opportunities Regional Pathways
Intelligent Outreach	Help customers identify the highest-value energy efficiency opportunities, improve the cost-effectiveness of program delivery, and provide deeper, more comprehensive energy efficiency solutions.	Data Analytics Customer Targeting Propensity Modeling Data Sharing Customer Outreach and Awareness

Figure 3.11.29: Public Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Energy Audits	Assist customers in identifying the greatest energy efficiency opportunities, improving cost efficiency in program delivery, segment-specific benchmarking, and providing deeper, comprehensive energy savings solutions.	Virtual Energy Audits Energy Audits Energy Mgmt. Technologies Industry Best Practice Sharing
Technical Assistance	Provide education and training to property owners or key facility personnel on energy efficiency practices and provide supplemental assistance with energy efficiency project development and implementation for individual customer projects. Provide integrative sustainability assistance (e.g., technical assistance, education, project/program optimization) to sustainable professionals, customers, trade professionals, and stakeholder organizations that include all aspects of demand side management (energy efficiency, water, emission, sustainability, renewables, and decarbonization).	energy efficiency Project Management Engineering Support Single-Point-of-Contact Sustainability Assistance Integrated Distributed Energy Resources Integrated DSM
Customer Incentives	Facilitate customer choice by offering a simplified suite of financial incentive strategies to reduce the high first-cost barrier, the key market barrier for most customers.	Meter-based Incentives Deemed Incentives Custom Incentives Bundled Measures Incentive Stacking

Figure 3.11.29: Public Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Behavioral, Operational, and Maintenance	Engage customers with behavioral-based strategies that reshape energy use by influencing operational and maintenance practices, using tactics such as comparative energy-usage information.	Retro-commissioning Monitoring-Based Commissioning Strategic Energy Management Behavioral Modification Modified Savings Analysis Use of AMI Data Cross-Promotion Meter Large Projects Cohorts
Direct Install	Provide direct installation of a comprehensive suite of energy and water efficiency solutions using a contracted workforce to public sector customers of all segments, with a particular focus on equity-defined customer groups.	Standard Direct Install Comprehensive Direct Install Co-Pay Direct Install
Mid/Upstream Energy Efficiency	Provide midstream incentives to manufacturers, distributors, and retailers to lower the retail cost of energy efficiency equipment, increase stocking of qualifying products, and inform customers about their availability, as appropriate.	Up/Midstream Incentives Distributor Training
Financing	Provide an on-bill financing option to reduce upfront capital barriers and encourage customers to adopt deeper, more comprehensive energy efficiency solutions.	On-Bill Financing

• **Sector-specific coordination (if needed)**

The success of public sector strategies depends on strong, collaborative relationships with market actors, portfolio administrators, regulators, and government entities. SoCalGas has a proven history of partnering with external stakeholders and sharing resources to achieve common goals that deliver meaningful benefits to customers and communities. The following tables identify the key partners that SoCalGas will leverage to realize the vision for the public sector.

Figure 3.11.30: Public Sector - Partnering	
Partner / Leveraging	Details
Community Organizations	Partner with CBOs to reach customers in targeted communities to share information on available solutions from SoCalGas and third-party implementers to reach decarbonization goals.
Education (Universities, Public K-12)	Actively work with K-12 school districts to create and implement an energy efficiency retrofit plan that includes permanent behavioral changes to capture deeper energy efficiency savings.
Governments (Local, State & Federal)	SoCalGas will leverage long-term partnerships with local and state governments to develop and implement program strategies that assist the broader public sector, primarily serving equity-defined custom groups.
	SoCalGas will work with state and federal agencies to promote greater adoption of energy efficiency across customer segments.
	Financing will be a key program intervention to overcome the high upfront costs of energy efficiency in the public sector. SoCalGas will also assist public customers in securing grants from CEC, DOE, and other agencies.
Industry (Contractors, trade associations, advocates)	Specialized technical assistance with expertise in specific segments can be highly effective in identifying energy savings opportunities in facilities. In-house utility experts, independent technical consultants, and equipment vendors can provide this needed expertise.
Suppliers (manufacturers, distributors,	SoCalGas will collaborate with equipment vendors and manufacturers to promote greater adoption of energy efficiency equipment across various public segments.

Figure 3.11.30: Public Sector - Partnering

Partner / Leveraging	Details
retailers)	
POUs, Special Districts, and Water Districts	Continue to actively coordinate with POUs and water agencies to deliver energy and water efficiency programs effectively.
	Engage in partnership and co-delivery arrangements with POUs and water agencies when there is a shared customer base (gas or electric) to simplify customer engagement and achieve higher levels of energy efficiency.
	Coordinate with POUs and water agencies across California and other regions to share best practices in program administration, design, and delivery.
Air Quality Districts	Track and monitor regional AQMDs’ energy GHG reduction and environmental justice programs that involve local governments and/or Council of Governments.
	Coordinate joint efforts to promote valuable customer resources, such as energy reduction, and customer assistance programs.
Grant Opportunities	Disseminate information on grant opportunities to city and county, Ambassadors to share with local governments.
	Promote collaboration between 501 (c) (3) organizations and cities/counties on energy resiliency.

1
2 The following tables identify the key coordination activities that SoCalGas will leverage
3 to realize the vision for the public sector.

Figure 3.11.31: Public Sector - Coordination

Coordination Area	Coordination Themes / Strategies
Portfolio Administrators (RENs, IOUs, CCAs)	Deliver dual-fuel programs to reach more customers.
	Leverage all available best practices and promote statewide consistency, where appropriate.
	Simplify program engagement.
	Capture all energy efficiency benefits, including operational energy savings.
	Conduct market research to identify and understand unique barriers to energy efficiency investments.
	SoCalGas will continue its collaboration and coordination with RENs to offer complimentary energy efficiency program offerings.
	Minimize regional overlap and service duplication in the REN programs.
Third-party Program Implementers	Solicit innovative programs and creative solutions from third-party program implementers that can be implemented quickly and effectively.
	Continued collaboration with program implementers throughout the program’s lifecycle will be integral to its success.
	Coordinate with existing PA Statewide program Leads for customer outreach of SW programs.
	Strategize with third-party vendors handling local energy efficiency programs to coordinate customer communications and outreach.
	Coordinate with local government organizations, institutional agencies, sector associations, and industries for local program outreach.
Clean Energy Programs	Support customers' sustainability and climate goals in coordination with DSM programs that are promoting decarbonization solutions such as renewable natural gas, hydrogen, and others.
Stakeholder Engagement	Work with the Commission and other key stakeholders to identify ways to simplify program requirements and coordinate policies that recognize all energy efficiency benefits associated with public-sector energy efficiency programs.

1 SoCalGas is committed to actively coordinating with all PAs to increase customer
 2 awareness and encourage the adoption of energy efficiency solutions. SoCalGas will work

1 closely with its third-party program implementers to support effective program delivery and
 2 achievement. Through ongoing engagement with all stakeholders, SoCalGas will continue to
 3 refine and advance policies that drive energy efficiency adoption across the public sector,
 4 maximizing benefits for ratepayers and supporting California’s clean energy objectives.

5 • **Categorization by Segment**

Figure 3.11.32: Public Sector – Program Categorization		
Resource Acquisition	Equity	Market Support
Public Direct Install Program Large Public Sector Nonresidential Energy Efficiency Program SW Institutional Partnership – State of California SW Institutional Partnership – Higher Education	Public Direct Install Program*	Business Energy Efficiency Surveys Regional Energy Pathways SW New Construction Nonresidential – Mixed Fuel Sustainable Studio
* Public Direct Installation Program is classified as RA in CEDARS, but plans to serve equity customers as well.		

6 • **Cross-Cutting: Finance Sector**

7 SoCalGas’s vision for financing is to expand customer adoption of deep, comprehensive
 8 efficiency solutions by providing innovative and affordable financing options that reduce
 9 first-cost barriers for homes and businesses. By aligning contractors, financial institutions, and
 10 portfolio administrators around accessible capital pathways, this strategy strengthens customer
 11 participation, maximizes the value of ratepayer investments, and supports broader energy
 12 efficiency and decarbonization goals.

13 The finance sector will continue to promote greater adoption of more comprehensive
 14 energy efficiency solutions for customers. The energy efficiency finance sector offers will
 15 include financing options for owners and renters of single-family (one to four) units and multi-
 16 family residential customers, small businesses, and broader non-residential customers.

17 SoCalGas offers non-residential customers an OBF program to support energy efficiency
 18 projects, particularly for customers who may lack the upfront capital needed to proceed. The
 19 OBF program provides zero percent interest financing with no fees, and customers repay the loan
 20 through fixed monthly installments on their gas bill.

21 Financing coordination is managed through a combined internal and statewide structure.

1 Account Executives (AEs) support OBF for nonresidential customers, while statewide
2 coordination with the CHEEF provides GoGreen Home and GoGreen Business. SoCalGas also
3 offers On-Bill Repayment for nonresidential customers, enabling repayment of third-party
4 GoGreen loans directly on the utility bill.

5 SoCalGas’s future offers will support the goals of the Clean Energy Finance proceeding
6 and, per D.23-08-036, add qualifying non-energy efficiency clean energy technologies to its
7 eligibility list. Consistent with regulatory direction, SoCalGas will continue to evolve its
8 financing programs by broadening the suite of eligible technologies beyond traditional energy
9 efficiency measures. In support of these goals, SoCalGas will seek opportunities to expand the
10 range of eligible technologies that may participate in on-bill financing, on-bill repayment, and
11 other authorized financing mechanisms.

12 Through these incremental program expansions, SoCalGas aims to encourage broader
13 adoption of clean energy technologies and keep its financing offerings responsive to California’s
14 evolving energy and climate policy objectives. Finally, SoCalGas plans to resubmit its TOB
15 proposal in support of AB 737 legislation (2025).⁸⁷

16 The energy efficiency finance sector strategies will be seamlessly integrated with other
17 energy efficiency programs to provide customers with comprehensive solutions in a simple,
18 enabling greater customer participation across the program portfolio. Residential homeowners
19 and renters will have access to attractive unsecured financing options through GoGreen Home
20 Financing to encourage energy efficiency savings. GoGreen Financing is the statewide brand for
21 CHEEF’s energy efficiency financing programs and is supported by the CA IOUs.
22 Nonresidential customers may be eligible to receive OBF financing for qualified energy
23 efficiency projects, either through program incentives or via the finance-only path for OBF loans
24 over \$250k.

25 OBF will be modified to be more responsive to customers’ cash-flow needs, extend the
26 repayment terms, and raise the loan cap:

- 27 • **Milestone Prefunding:** SoCalGas currently offers a “milestone prefunding” option
28 for Institutional Customers, which will be expanded to all non-residential
29 customers. Similar to the notion of “bridge/construction loan funding,” the

⁸⁷ As codified in Public Utilities Code (PUC) §§ 8375, 8376, and 8377.

1 Milestone Prefunding option provides all eligible OBF customers with the ability
2 to pre-fund up to 50% of the estimated loan amount when the loan agreement is
3 signed, as opposed to having to wait until the project has finished installation and
4 is verified (when OBF traditionally funds the project). After installation, SoCalGas
5 would reimburse the remaining 50%, and the loan repayment would begin (note -
6 repayment doesn't begin until after the project is installed and verified). The
7 customer would begin repayment of the loan on their first bill after funding.

- 8 • **Extend the Maximum Loan Term:** SoCalGas currently offers OBF with a 15-
9 year maximum loan term for institutional customers and a 10-year maximum loan
10 term for all other business customers. SoCalGas plans to extend the loan term up
11 to the Expected Useful Life (EUL) of the equipment being financed (the overall
12 maximum term would be limited to the shortest EUL in the project, as is already
13 the case). Lengthening the loan term may result in lower monthly payments (if the
14 EUL is beyond 10 years and bill neutrality calculations allow) and help customers
15 with energy affordability. Importantly, it will help smaller projects meet the bill
16 neutrality requirements. SoCalGas will initially limit this offer to projects under
17 \$50k to minimize the impact on the revolving loan pool.
- 18 • **Increase the Maximum Loan Amount:** The current OBF loan cap is \$250k,
19 except for State of California customers, who have a \$1 million cap. SoCalGas will
20 raise the \$250k cap to \$400k, matching PG&E's recent approved adjustment. The
21 current \$250k loan cap for nonresidential customers has been in place since 2022,
22 and, as with most costs, inflation has significantly increased the overall installation
23 costs of energy efficiency equipment. The \$150k increase (to \$400k) better reflects
24 current project costs. All other OBF program requirements will remain (e.g., use
25 of bill payment history).

26 SoCalGas would normally seek this modification via the Advice Letter process
27 established in D.09-09-047, as modified by D.19-03-001, but SoCalGas is requesting that it be
28 addressed in this application.⁸⁸

⁸⁸ D.09-09-047 was further modified by D.19-03-001 to add the following: "Pacific Gas and Electric

1 • **Sector-specific goals, objectives, and strategies**

2 The energy efficiency finance vision, goals, and objectives set the tone and direction for
 3 the next generation of energy efficiency finance offerings. Commission policies, legislative
 4 directives, customer needs, industry trends, and stakeholder input inform the financial offerings.
 5 Thus, the following goals are part of a longer-term strategy where SoCalGas intends to deliver
 6 positive, measurable outcomes.

Figure 3.11.33: Finance Sector - Goals & Objectives	
Sector Goals	Objectives
Build, enable, and maintain greater, broader, and/or more equitable access to capital, and increase the affordability and investment in energy efficiency projects, products, or services.	The expected outcomes are higher OBF participation, greater TSB for ratepayers, and improved affordability through prefunding to ease cashflow constraints, aligning repayment terms with equipment life, and advancing the development of a viable Tariff On-Bill product.
Attract private capital to expand the reach of energy efficiency options to customers and help scale participation in programs.	Attract more lenders and increase participation in the GoGreen Financing program, including the On-Bill Repayment option for nonresidential customers.
Reach a broader set of customer groups (e.g., historically low energy efficiency adoption rates) and market segments.	Create awareness and educate customers and contractors about energy efficiency financing options and their benefits annually.

7 • **Challenges and Outcomes**

8 SoCalGas faces a range of challenges in securing financing to achieve its energy
 9 efficiency goals. The Finance sector must address these barriers to unlock greater participation in

Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company may each file a Tier 2 advice letter for Commission review and approval of proposed program changes to the terms and conditions of the on-bill financing loan tariffs or implementation plans, including the loan caps.” D.19-03-001, Attachment A at 3 and D.09-09-047 (OD 61).

1 and impact from energy efficiency programs. The table below outlines the specific challenges
 2 encountered and the positive outcomes that can be realized by systematically reducing these
 3 market obstacles.

Figure 3.11.34: Finance Sector – Challenges & Outcomes	
Sector Challenges	Expected Outcomes
Equity-defined customers and those with low credit scores have challenges securing loans for energy efficiency projects.	Provide access to financing through programs like GoGreen Financing. GoGreen Financing lenders are incentivized to expand their underwriting guidelines through a loan loss reserve supported by IOUs. Develop additional financing programs with private capital partners where applicable.
Long lead time required for OBF project pre-approval and loan disbursement.	Integrated financing options with program services to provide a seamless process. Improved timelines.
For certain financing programs, the customer or contractor must pay the upgrade cost up front and wait for reimbursement after project completion.	Educate contractors on the requirements for different financing options upfront, so they can prepare when presenting solutions to customers. Updated OBF program.
Contractors may lack expertise in estimating energy savings calculations to determine payback calculations.	Improvement to contractors' expertise through training sessions with SoCalGas to review savings methodology.

4 • **Strategies**

5 SoCalGas has a longstanding commitment to supporting its customers through energy
 6 efficiency financing programs. In the Finance sector, SoCalGas will employ a strategic blend of
 7 proven and innovative program strategies to deliver a comprehensive suite of energy efficiency
 8 solutions. These strategies will be introduced incrementally and continuously refined to adapt to
 9 dynamic energy efficiency market conditions and evolving regulatory requirements. The table
 10 below details the expected market intervention strategies and corresponding tactics.

Figure 3.11.35: Finance Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Program Coordination	SoCalGas will pursue opportunities to cross-promote and integrate energy efficiency financing options with energy efficiency programs across sectors, with respect for the primary end-user customer, to understand the range of SoCalGas’s value-added programs. SoCalGas will collaborate with third-party implementers, including contractors to coordinate and leverage programs to help customers overcome cost barriers to energy efficiency. This coordinated approach is intended to improve participation in energy efficiency technologies and support energy savings.	Integrate financing options with energy efficiency programs Collaborate with third-party implementers on the incorporation financing
Partnering	SoCalGas will continue its long-term collaboration with CAEATFA to design and promote innovative financing strategies that encourage greater customer investment in energy efficiency. SoCalGas serves as the lead utility for the Statewide Financing Programs (GoGreen Financing) and plays a central role in implementation of the program. SoCalGas helps maintain consistent program oversight, regulatory compliance, and effective delivery of financing solutions that support California’s clean energy and energy efficiency goals.	CAEATFA
Education & Training	Generate awareness and understanding of financing options to drive customer participation.	Contractor Training Retailer Training
Technical Assistance	Provide technical assistance to help customers maximize financing options and the scope and depth of energy efficiency interventions.	Financing Assistance Loan Application Support

Figure 3.11.35: Finance Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
		Loan Awareness Integrated Distributed Energy Resources Integrated DSM
Financing	Provide various financing options, including on- and off-bill repayment options, to encourage customers to adopt deeper, more comprehensive energy efficiency solutions.	Unsecured loans Credit Enhancements On-Bill Financing On-Bill Repayment

1 • **Sector-specific Coordination (if needed)**

2 The success of the Finance sector depends on strong, collaborative relationships with
3 many market actors, including PAs, regulators, and government entities. SoCalGas has a proven
4 history of partnering with external stakeholders and sharing resources to achieve common goals
5 that deliver meaningful benefits to customers and communities. The following tables identify
6 the key partners that SoCalGas will leverage to realize the vision for the Finance sector.

Figure 3.11.36: Finance Sector - Partnering

Partner / Leveraging	Details
Financial Institutions	Continue working and attracting private capital partners to provide more funding to customers.
Governments (Local, State & Federal)	Work with SoCalGas to promote OBF 0% financing as a tool to encourage energy efficiency projects.
	Continue as the Statewide financing lead and collaborate with CAEATFA and other government agencies to advance GoGreen Financing and other financing vehicles.
Industry (Contractors, trade	Participate in annual industry conferences and opportunities to present financing options available to customers.

associations, advocates)	Promote financing programs and options in industry, trade allies, and association newsletters when available.
POUs, AQMDs, Water Agencies, and Water Districts	Promote GoGreen Financing programs through POU's website and partner on outreach efforts.
	Work with POUs, e.g., LADWP, to incorporate financing on their Marketplace and energy efficiency sites.

1 Open and continuous collaboration is essential to the success of the finance sector.
2 SoCalGas is committed to actively coordinating with all California PAs to raise customer
3 awareness and encourage the adoption of energy efficiency solutions. As the SW PA lead,
4 SoCalGas will work closely with PAs and its third-party program implementers to support
5 effective program delivery and achievement. Through ongoing engagement with all
6 stakeholders, SoCalGas will continue to refine and advance policies that drive energy efficiency
7 adoption across the finance sector, maximizing energy efficiency benefits for ratepayers and
8 customers while supporting California’s clean energy objectives.

Figure 3.11.37: Finance Sector - Coordination	
Coordination Area	Coordination Themes / Strategies
Portfolio Administrators (RENs, IOUs, CCAs)	Deliver dual-fuel programs to reach all customers.
	Leverage all available best practices and promote statewide consistency, where appropriate.
	Simplify program engagement.
	Capture all energy efficiency project benefits, including operational energy savings.
	Conduct market research to identify and understand unique barriers to energy efficiency investments.
Third-party Program Implementers	Collaborate with program implementers to promote financing offerings (e.g., use 0% financing as a tool to close more projects).
	Coordinate with PAs to promote energy efficiency financing to customers.
	Provide necessary complementary market support to deploy education, training, outreach, and customer recruitment activities efficiently and effectively.

Figure 3.11.37: Finance Sector - Coordination	
Coordination Area	Coordination Themes / Strategies
Cross-Segments	Coordinate with all energy efficiency Portfolio segments to maximize energy efficiency financing presence and access.
Other DSM and Clean Energy Programs	Expand SoCalGas financing offerings to non-energy efficiency clean energy technologies per the expanded OBF program as authorized in the Clean Energy Finance Decision. ⁸⁹ Direct customers to other DSM programs.
Stakeholder Engagement	Work with the Commission and other key stakeholders to identify ways to advance financing that enable customers to achieve higher levels of EE.

1 • **Categorization by Segment**

Figure 3.11.38: Finance Sector – Program Categorization		
Resource Acquisition	Equity	Market Support
		On-Bill Financing GoGreen Financing*
* GoGreen Financing is funded outside of the Application and not included in the official programs list in CEDARS		

2 • **Cross-Cutting: Workforce Education, Training, and Outreach Sector**

3 The WE&T sector encompasses a comprehensive portfolio of education, training, and
4 collaborative engagement among PAs and a broad range of stakeholders involved in energy
5 education, workforce development, and customer outreach and adoption of energy efficiency
6 across all points of the market channel.

7 Through WE&T, SoCalGas targets both new and existing energy efficiency trade
8 professionals, market allies, and customer intermediaries, deploying a variety of market support
9 interventions to strengthen the E workforce and advance California’s energy objectives.

10 • **Sector-specific goals, objectives, and strategies**

11 The WE&T crosscutting sector is grounded on coordinated alliances among stakeholders,
12 collaborators, and service providers. SoCalGas is committed to working with both public and

⁸⁹ D.23-08-026 at 118 (OP 1).

1 private sectors to develop new strategies and enhance existing approaches that add value to the
 2 energy efficiency portfolio. To guide these efforts, SoCalGas has established the following
 3 subsector goals.

Figure 3.11.39: WE&T Sector - Goals & Objectives	
Sector Goals	Objectives
Engage and motivate trade professionals, allies, market channels, and customer intermediaries with resources, data, and innovative approaches to optimize supply chains with energy efficiency products.	Increase the number of market support interventions, channel engagements, and collaborations with trade professionals, allies, market channels, and customer intermediaries.
Repurpose energy efficiency education and training content to reach more trade professionals, allies, market channels, and customer intermediaries with convenient and timely access to instructional curriculum.	Increase the number of trade professionals, allies, and other market channels and customer intermediaries participating in market support education, instructional, and training programs.
Enhance and sustain strategies to enroll disadvantaged workers in education and training programs and to reach out to them about career pathways that support California’s energy efficiency and decarbonization goals.	Increase the percentage of disadvantaged workers, trade professionals, and allies who meet the definition of disadvantaged workers.
Inform and distribute collateral focused on emerging clean energy efficiency initiatives, technologies, and transition to decarbonization to trade professionals, allies, market channels, and customer intermediaries.	Increase the number of trade allies and market channel intermediaries reached and informed on the latest advanced decarbonization and energy efficiency developments.

- 4 • **Challenges and Outcomes**
 5 SoCalGas recognizes that equipping trade professionals and market channel allies with
 6 the most comprehensive education, market information, resources, and training is necessary to

1 advance California’s goals for energy efficiency and decarbonization. The WE&T sector faces
 2 several challenges in reaching these audiences effectively. The table below outlines the specific
 3 challenges encountered and the positive outcomes that can be achieved by systematically
 4 reducing these perceived market barriers.

Figure 3.11.40: WE&T Sector – Challenges & Outcomes	
Sector Challenges	Expected Outcomes
Motivating and engaging trade professionals, allies, market channels, and customer intermediaries to prioritize installation of energy efficiency technology and products, particularly to equity-defined customer groups.	Increased market support incentives for trade professionals, allies, market channels, and customer intermediaries to stimulate greater attention to the potential for upselling and cross-selling complementary energy efficiency program services, technologies, and solutions.
All trade and market channel allies are increasingly busy and more mobile, requiring more use of innovative energy efficiency technology to reach them with education, training, and instructional curriculum.	Increased channels for trade professionals, allies, market channels, and customer intermediaries to access education and instructional content that can better help inform end-use customers.
Trade allies and market channel participants are more attracted to financial benefits than to non-financial benefits when serving equity-defined customer groups.	Increased market support for generating interest in equitable, non-financial, and decarbonization benefits from the delivery of customer-centric solutions to equity-defined customer groups.
Ensuring market-driven trade professionals, allies, market channel, and customer intermediaries are properly informed on energy efficiency financial, technical, and market support resources.	Increased number of informed trade professionals, allies, market channels, and customer intermediaries are equipped to respond to demand for customer-preferred or customer-centric energy efficiency solutions.

- 5 • **Strategies**
- 6 SoCalGas will employ a strategic blend of proven and innovative approaches to deliver
- 7 comprehensive energy efficiency solutions for its customers. SoCalGas will introduce these

1 strategies incrementally to trade professionals, market allies, sustainability professionals, channel
 2 partners, and customer intermediaries. SoCalGas will continuously refine or adapt them in
 3 response to evolving market conditions and regulatory requirements. Consistent with
 4 SoCalGas’s commitment to innovation, SoCalGas will actively seek creative program designs
 5 from the third-party community to support a robust and effective sector strategy. The table
 6 below details the expected market intervention strategies and corresponding tactics.

Figure 3.11.41: WE&T Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Program Coordination	Cross-promote energy efficiency offerings across sectors for the primary end-user customer to understand the full range of SoCalGas’s value-added programs and offer financing where possible (or connect customers to financing). Actively coordinate with other PAs to support statewide program activities, shared customer base, and program policies. Collaborate with third-party implementers to assist them in achieving energy efficiency program goals and objectives.	Exchange and share market developments with Program Administrators Leverage the work of Third-Party Implementers
Partnering	Partner with external stakeholders, deployed on an as-needed basis, and intended to: increase the number of customer contacts, increase the number of customers adopting energy efficiency solutions; promote deeper, comprehensive EE; simplify customer engagement; and reduce program costs through a cost-sharing partner model based on equitably sharing of customer incentives and	Public agencies and municipalities (AQMDs, POU’s, water agencies) Industry (Contractors, Trade Associations) Retailers and distributors of custom foodservice equipment) Community-based

Figure 3.11.41: WE&T Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
	administrative costs among partners.	organizations
Education & Training	<p>Deploy timely, targeted, and relevant education and training on new, existing, and emerging energy efficiency technology solutions to trade professionals, allies, market channels, and customer intermediaries.</p> <p>Integrate timely messaging on other decarbonization solutions (e.g., renewable natural gas, hydrogen, power-to-gas) with energy efficiency where possible, for example, by facilitating virtual and facility-site tours at the Energy Resource Center.</p> <p>Offer a diversified training portfolio on energy efficiency and related clean energy products that include seminars, webinars, workshops, forums, and on-demand classes to trade professionals, allies & customer intermediaries.</p> <p>Cross-promote & facilitate energy education classes with nationally recognized industry training organizations.</p>	<p>On-demand Trade Professional Training</p> <p>SoCalGas Food Service Equipment Center</p> <p>Trade Ally targeted campaigns</p> <p>Mobile application tools</p> <p>Market channel enticements</p> <p>Expanded customer intermediary outreach</p> <p>Distributor market support</p> <p>Cross-promote through marketing materials, websites, portal</p>

Figure 3.11.41: WE&T Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
	Provide training and informational sessions on emerging high-efficiency and decarbonization equipment.	
Intelligent Outreach	Accelerate an increase in the number of customers identifying energy efficiency opportunities by addressing inefficiencies in program delivery for achieving deeper, comprehensive energy savings solutions. Increase contractor awareness of energy efficiency programs through in-person/virtual sessions and the Trade Ally digital platform. Additionally, raise awareness through analytics, and identify and develop targeted marketing campaign opportunities to attract DAC-qualified contractors.	Increasing DAC and HTR analytics-based outreach Collaborative market data sharing Trade ally market surveys Trade ally outreach and market connection portal
Technical Assistance	Create awareness among trade professionals, allies, market channels, and customer intermediaries of the technical assistance resources available to them to understand the full benefits of energy efficiency investments.	Industry energy efficiency Best Practices Integrated Distributed Energy Resources Integrated DSM
Technology Demonstration and Testing	Promote the availability of energy efficiency technology for trade and customers, as well as the ability to arrange energy efficiency technology test cases at the SoCalGas Energy Resource Center.	SoCalGas Food Service Testing Lab SoCalGas Water Heater Demo Lab

Figure 3.11.41: WE&T Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
		Approved equipment testing labs
Market Channel Incentives	Offer collaborative funding to intermediaries with influence to generate and accelerate trade professional and market ally participation in bringing decarbonization in the delivery of energy efficiency to equity-defined customer groups.	Training incentives Market campaign incentives Decarbonization incentives

• **Sector-specific coordination (if needed)**

The success of the WE&T sector strategies will depend on positive, collaborative relationships with trade professionals, allies, market channels, and customer intermediaries, Portfolio Administrators, regulators, and other government entities. SoCalGas maintains a long history of partnering with external WE&T stakeholders and sharing resources to achieve common goals that benefit mutual customers and constituents. The following tables list key partners that SoCalGas will leverage to achieve the sector's vision.

Figure 3.11.42: WE&T Sector - Partnering

Partner / Leveraging	Details
Community-Based Organizations	Partner with CBOs to deliver potential energy efficiency career pathways.
	Collaboration on the delivery of education, training, outreach, and lead generation events.
Education (Universities, K-12)	Engage educational institutions to invest in the long-term success of energy efficiency education, training, and partnerships for delivering complementary market support.

Figure 3.11.42: WE&T Sector - Partnering

Partner / Leveraging	Details
Governments (Local, State & Federal)	Leverage existing partnerships with local and regional groups to assist in outreach to constituents and implementation of the program.
Industry (Trade associations, market channel allies)	Team with trade associations to identify disadvantaged workers for hire in response to customer demand for energy efficiency solutions and related trades (plumbers, etc.).
	Develop collaborations to expand training channels and extend access to evolving energy resources and curricula.
	Actively encourage and motivate participation in energy efficiency programs among trade professionals and those serving Equity-defined customer groups.
	SoCalGas will collaborate with trade and market channel allies and support industry events to increase program promotion and customer awareness of the benefits of energy efficiency investments.
	Leverage partnership with trade associations to increase targeted outreach to trade allies and customer intermediaries with direct access to end-use customers.
Suppliers (manufacturers, distributors, retailers)	Work with market channel allies in the supply channel to build skilled workforce capacity and market and trade ally capacity to meet customer demand and accelerate the State’s progress toward energy efficiency and related clean energy goals.
POUs, AQMDs, Water Agencies, and Water Districts	Support partnerships with POUs, AQMDs, and Water Agencies to identify potential energy efficiency job-training and collaboration opportunities for market-ally education, training, outreach, and recruiting.
	Actively encourage and motivate participation in energy efficiency programs among trade professionals and those serving Equity-defined customer groups.

1 Open and continuous collaboration is essential to the success of the WE&T crosscutting
 2 sector. SoCalGas is committed to actively coordinating with all PAs to raise customer awareness
 3 of climate change and decarbonization as compelling reasons to adopt energy efficiency
 4 solutions. SoCalGas will work closely with third-party program implementers, including the
 5 statewide implementer, to support program delivery and achievement. Through ongoing
 6 engagement with all stakeholders, SoCalGas will continue to refine and advance policies that
 7 drive the adoption of energy efficiency across the WE&T sector, supporting California’s clean
 8 energy objectives and maximizing benefits for ratepayers. The table below outlines the key
 9 areas of coordination between SoCalGas and stakeholders in the WE&T sector.

Figure 3.11.43: WE&T Sector - Coordination	
Coordination Area	Coordination Themes / Strategies
Portfolio Administrators (RENs, IOUs, CCAs)	Leverage all available best practices and promote statewide consistency, where appropriate.
	Simplify program engagement for customers.
	Conduct market research to remove barriers to energy efficiency investments.
Third-party Program Implementers	Solicit innovative programs and creative solutions from third-party program implementers that can be implemented quickly and effectively.
	Provide necessary complementary market support to deploy education, training, outreach, and customer recruitment activities efficiently and effectively.
Cross-Sector	Coordinate with all sectors and portfolio segmentation activities to maximize presence and access to energy efficiency rebates, resources, and relevant offerings.
SW and Local Programs	Collaborate and coordinate on statewide and local energy efficiency program implementation to maintain consistency, where appropriate.
	Simplify and maintain clear program distinctions.

Figure 3.11.43: WE&T Sector - Coordination

Coordination Area	Coordination Themes / Strategies
Other DSM Programs	Coordinate with other DSM Programs that deliver energy efficiency and decarbonization solutions that accelerate the State’s progress toward clean energy goals, for example, renewable natural gas and hydrogen, to form integrated solutions with energy efficiency.
Stakeholder Engagement	Work with the Commission and other key stakeholders to identify ways to simplify program requirements and coordinate policies that will recognize all energy efficiency benefits associated with WET&O sector energy efficiency programs.

1 • **Categorization by Segment**

TABLE 55: WET&O Sector – Program Categorization

Resource Acquisition	Equity	Market Support
Education Outreach Program	Energy Program Outreach SW WE&T Career & Workforce Readiness Connections	Integrated Energy Efficiency Training SW WE&T Career Connections

2 • **Cross-Cutting: Emerging Technology Sector**

3 SoCalGas’s Statewide Gas Emerging Technologies program serves as a core driver of
4 California’s energy-efficiency and decarbonization goals by rigorously identifying, screening,
5 and validating new gas-efficiency technologies through performance testing,
6 customer-acceptance research, and in-situ demonstrations. The program delivers actionable
7 findings to Portfolio Administrators, enabling data-driven portfolio decisions and accelerating
8 statewide adoption by transparently publishing results. Guided by this role, SoCalGas’s vision is
9 to anticipate emerging trends in gas-efficiency technologies and rapidly advance proven
10 innovations to Program Administrators, maximizing the impact of ratepayer investments,
11 strengthening customer benefits, and supporting California’s clean-energy future.

12 • **Sector-specific goals, objectives, and strategies**

13 Gas Emerging Technologies (GET) is not a customer-facing program; instead, it
14 advances the goals of the California long-term energy efficiency strategic plan and legislative

1 initiatives by supporting energy efficiency ratepayer-funded programs. As part of the Market
 2 Support program, GET provides program managers and designers with essential information to
 3 identify and select emerging energy efficiency technologies, enabling the development of market
 4 interventions that effectively encourage customers to adopt energy efficient solutions. The table
 5 below outlines the goals and objectives that guide GET’s efforts.

Figure 3.11.44: Emerging Technologies - Goals & Objectives	
Sector Goals	Objectives
Provide energy efficiency programs with a comprehensive set of suitable technologies that promote higher efficiency and advance decarbonization.	Develop Technology Priority Maps (TPMs), implement emerging technology projects, evaluate technologies, and disseminate findings among stakeholders.
Provide PAs with actionable market information to inform program design and measure mix.	Develop TPMs that deliver actionable information to program designers.
Advance commercialization of breakthrough efficient gas technologies by working with technology development partners and market actors to understand and overcome barriers.	Collaborate with development partners and market actors to identify the technology needs of the program portfolio and overcome barriers.

6 • **Challenges and Outcomes**

7 The success of emerging technologies within SoCalGas’s energy efficiency portfolio is
 8 fundamentally reliant on the ingenuity and commitment of technology developers and
 9 manufacturers. Their ongoing efforts in innovation, research, design, and development are the
 10 engine that bring forward new solutions and products for consideration in California’s energy
 11 efficiency landscape. However, the ET sector faces persistent market barriers, such as limited
 12 access to capital, regulatory uncertainty, and the challenge of scaling promising innovations from
 13 pilot to portfolio-wide adoption.

14 By systematically identifying and addressing these barriers, SoCalGas can accelerate the
 15 integration of advanced technologies into its energy efficiency programs. This not only enhances
 16 the cost-effectiveness and impact of the portfolio but also position ratepayer investments to yield
 17 measurable benefits in emissions reductions, grid reliability, and customer affordability.

1 Reducing these obstacles will enable a more dynamic and responsive pipeline of emerging
 2 solutions, positioning California to meet its ambitious decarbonization and equity goals while
 3 fostering a robust ecosystem of technology providers and implementers.

4 The below summarizes how overcoming key market barriers in the ET sector can accelerate
 5 energy efficiency adoption and deliver measurable benefits for ratepayers.

Figure 3.11.45: Gas Emerging Technologies – Challenges & Outcomes	
Sector Challenges	Expected Outcomes
Identifying gas emerging technologies measures to advance energy efficiency.	Enhanced and updated Technology Priority Maps (TPMs) that lead to technology roadmaps.
Understanding how the market will respond to new measures.	Solicit and meet Program Administrator requests for additional market or customer research on emerging technology measures.
Advancing technologies suited for program portfolio programs.	Work with technology developers with products <1 year from commercialization, including new technology vendors, manufacturers, and entrepreneurs.
	Work with technology developers with products <5 years from commercialization, including CEC, universities, and colleges.

6 • **Strategies**

7 For many years, SoCalGas has advanced emerging technologies to deliver higher levels
 8 of energy efficiency for customers, and this Application builds on that foundation. SoCalGas
 9 will employ a combination of proven approaches and new, innovative strategies to develop a
 10 comprehensive set of Emerging Technologies solutions. These strategies will be introduced over
 11 time and refined as market conditions evolve and as regulatory policies continue to develop. The
 12 market intervention strategies and associated tactics are outlined below.

Figure 3.11.46: Emerging Technologies Sector – Intervention Strategies

Intervention Strategy	Descriptions	Tactics
Technology Evaluation	Potential technologies are identified and reviewed for viable market demand, established distribution and contractor channels to support sales and installation, and sufficient producers to maintain product availability and customer choice. This includes a review of any publicly available research that has already been conducted and how that influences the need for additional research.	Technology Priority Maps Demonstration Projects
Dissemination	Outreach and educate the market and influence adoption with applicable industry groups.	Industry Coordination Program Outreach
Technology Transfer	Technology transfer intends to shepherd high-potential technologies through the early adoption phase of the project life cycle.	Market and Implementation Planning Measure Package coordination Program portfolio coordination

1 • **Sector-specific coordination (if needed)**

2 The success of the Gas Emerging Technologies sector will depend on strong,
3 collaborative relationships with market actors, PAs, regulators, and other stakeholders. SoCalGas
4 has a long history of partnering with external stakeholders and coordinating resources to advance
5 shared objectives that benefit customers and communities. The following tables identify the key
6 partners that SoCalGas will leverage to support the vision and implementation of the Gas
7 Emerging Technologies sector.

Figure 3.11.47: Emerging Technologies Sector - Partnering

Partner / Leveraging	Details
Communities & Customers	Partner with owners, tenants, property managers, and third-party vendors to facilitate the installation of emerging technologies
Education (Universities, K-12)	Collaborate with research and educational institutions, e.g., California Institute of Technology (Caltech), UCD Center for Energy Efficiency, California Lighting Technology Center, Western Cooling Efficiency Center, University of California, Irvine, Cal Poly State University, and Lawrence Berkeley National Laboratories.
Governments (Local, State & Federal)	Collaborate with government initiatives such as DOE's First Look West (FLoW), Cleantech Open, and CalSEED (California Sustainable Energy Entrepreneur Development).
Industry (Contractors, trade associations, advocates)	Partner with other industry organizations promoting decarbonization solutions, e.g., Consortium for Energy Efficiency (CEE), E Source, New Buildings Institute (NBI), American Council for an Energy-Efficient Economy (ACEEE), Electric Power Research Institute (EPRI), and Gas Technology Institute (GTI)
Suppliers	Collaborate with technology developers, technology financiers, and clean tech accelerators to accelerate the development and implementation phases of emerging technologies.

1 Open and continuous collaboration is essential to the success of the ET sector, and
2 SoCalGas approaches this work with a strong sense of urgency and opportunity. SoCalGas will
3 coordinate closely with all PAs to expand awareness and accelerate the adoption of emerging
4 technologies. SoCalGas will work directly with its third-party implementer to support effective
5 delivery program and measurable performance. SoCalGas will also continue to actively engage
6 with stakeholders across the sector to refine policies and practices that advance energy efficiency
7 and accelerate the market readiness of promising new technologies.

Figure 3.11.48: Emerging Technologies Sector - Coordination

Coordination Area	Coordination Themes / Strategies
Portfolio Administrators (RENs, IOUs, CCAs, MTA)	Coordinate with IOUs, other PAs, POU, CEC, and Market Transformation Administrators (MTAs) to advance awareness and adoption of emerging technologies.
Third-party Program Implementers	Coordination and dissemination of technology evaluation results with third-party implementers.
Cross-Segment	Coordinate with all energy efficiency portfolio segments to increase awareness and adoption of emerging technologies.
Other DSM	As authorized, direct customers to other market support resources that promote other demand-side management programs and accelerate the State’s progress toward clean energy goals.
Stakeholder Engagement	SoCalGas will work with the Commission and other key stakeholders to identify ways to advance the adoption of emerging technologies.

• **Categorization by Segment**

Figure 3.11.49: Emerging Technologies Sector – Program Categorization

Resource Acquisition	Equity	Market Support
		SW Gas Emerging Technologies

6. Cross-Cutting: Codes & Standards Sector

7. Statewide Code & Standards Advocacy

The statewide Codes & Standards sector plans are presented in PG&E’s Energy Efficiency Business Plan. Pursuant to D.18-05-041,⁹⁰ SoCalGas’s role in statewide codes and standards advocacy activities is limited to only “transfer ratepayer funds to the statewide lead for codes and standards[.]”

⁹⁰ “Southern California Gas Company is prohibited from participating in statewide codes and standards advocacy activities, other than to transfer ratepayer funds to the statewide lead for codes and standards, during this business plan period.” D.18-05-041 at 193 (OP 53).

1 **N. Promote responsible management and disposal of removed**
2 **refrigerants and incorporate low-GWP refrigerants/ultra-low GWP**
3 **refrigerants**

4 GWP provides a standardized metric for assessing the relative climate impact of
5 greenhouse gases, enabling a direct comparison of their radiative forcing with that of carbon
6 dioxide (CO₂). Many refrigerants currently in use have GWP values several orders of magnitude
7 higher than CO₂, thereby posing a significant climate risk. Although refrigerants are not widely
8 used in natural gas technologies, SoCalGas will prioritize promoting technologies that either
9 eliminate refrigerant use entirely or employ no or low-GWP refrigerants. For example,
10 residential gas absorption heat pump water heaters, an emerging technology, operate without
11 harmful refrigerants and offer a cost-effective emissions-reduction strategy compared to electric
12 alternatives.

13 EPA 608 refrigerant certification is federally required for HVAC technicians working
14 with stationary refrigeration and air conditioning systems, supporting proper refrigerant
15 management through recovery, recycling, leak repair, and safe disposal. This certification is a
16 critical safeguard for both environmental protection and public health.

17 SoCalGas will continue to require, through its program provider contracts, that all
18 implementers comply with applicable codes governing proper refrigerant management and
19 disposal, and will enforce these standards to protect environmental quality and public health. In
20 parallel, SoCalGas will use its WE&T activities, along with applicable customer and contractor
21 program materials, to promote awareness of proper refrigerant management and reclamation
22 practices. SoCalGas will also encourage program providers, contractors, and customers to
23 participate in CARB's REFRESH91 program to further support safe and compliant refrigerant
24 handling.

25 SoCalGas, through its energy efficiency programs, will highlight both the environmental
26 and safety implications of refrigerant selection, with a particular emphasis on the need to
27 transition away from high-GWP substances. Achieving this transition requires more than
28 general customer awareness; it demands specialized workforce training to support the safe
29 handling of newer low-GWP refrigerants (A3 and A2L), which introduce additional risks due to

⁹¹ The California Air Resources Board's (CARB) REFRESH pilot supports recovery and reclamation of high-GWP refrigerants from residential HVAC systems under CARB's F-Gas Reduction Incentive Program (FRIP).

1 their flammability. Recent code revisions mandate the phase-out of high-GWP refrigerants such
2 as R410A, thereby requiring rigorous reclamation and disposal protocols to prevent long-term
3 environmental harm. Yet, Commission research demonstrates that compliance with refrigerant
4 recovery and recycling remains significantly deficient in the residential HVAC market, driven
5 largely by contractors seeking to minimize costs and by the logistical challenges inherent in
6 proper management and reclamation. This requires a call for more rigorous refrigerant
7 management practices to prevent long-term environmental harm.

8 Finally, SoCalGas cautions that aggressive promotion of electrification measures must be
9 tempered by recognition of the environmental and safety risks associated with refrigerant use.
10 Even low- and ultra-low-GWP refrigerants may still have significant climate impacts or pose
11 hazards if not managed properly, due to their flammability.⁹² SoCalGas-funded energy
12 efficiency programs and customer education will therefore incorporate guidance on safe
13 handling, proper disposal, and the broader implications of refrigerant use so that emissions
14 reduction strategies are both environmentally responsible and protective of public safety.

15 **O. Spur innovation to advance a technology, marketing strategy, or**
16 **delivery approach in a manner different from previous efforts in your**
17 **energy efficiency portfolios**

18 SoCalGas introduces a set of new approaches designed to spur innovation across
19 technology, marketing, and program delivery. Each approach tests methods that build on or
20 differ from prior portfolio efforts and seeks to expand customer reach, improve performance, and
21 accelerate the adoption of effective energy efficiency solutions. Taken as a whole, these
22 strategies form a coordinated effort to advance innovation and strengthen future portfolio design.

23 Innovation is not a luxury in California’s energy efficiency landscape—it is the engine of
24 progress. Yet today, the program delivery ecosystem is narrowing. A handful of large firms,
25 bolstered by acquisitions and scale, now dominate the energy efficiency program provider
26 space.⁹³ Their success is undeniable, but their shadow is long. Emerging program designers,

⁹² California’s fire and building-safety authorities, through enforcement of the California Mechanical Code (CMC), until recently prohibited the use of many low-GWP refrigerants in most buildings because “the CMC does not allow Lower-GWP refrigerants in High Probability Systems,” effectively blocking their use in the majority of applications. Lincus Incorporated, *Lower-GWP EE Solutions and Impacts* (August 2024) at 2, available at: <https://pda.energydataweb.com/api/view/4082/Lower-GWP%20EE%20Solutions%20and%20Impacts%20Final%2010-30-24.pdf>.

⁹³ [CAEECC Third-Party Implementers Table](#).

1 those with fresh ideas and community-rooted insights, are increasingly shut out, not for lack of
2 merit, but for lack of room to grow.

3 As solicitations grow in size and complexity, new entrants cannot reasonably compete
4 against large corporate incumbents. Without intentional space for experimentation, SoCalGas
5 risks designing a future where only the well-established are allowed to imagine. That is not a
6 marketplace of innovation, it is a monument to what already exists.

7 The Commission must protect the conditions that enable innovation to thrive. This
8 means resisting calls to raise third-party budget thresholds and instead expanding the diversity
9 and creativity of the program provider community. California’s clean energy goals demand not
10 just scale, but imagination, and imagination, like any good idea, needs an opportunity.

11 To maintain continued opportunities for innovation, SoCalGas supports maintaining
12 procurement structures that create space for new ideas and new market participants. The
13 Innovative Design for Energy Efficiency Applications (IDEAA 365) framework has
14 demonstrated success in this area by providing a continuous, year-round opportunity for third
15 parties to propose new concepts. Proposals are reviewed, with timely evaluations and selections,
16 enabling a more responsive innovation cycle.

17 IDEEA 365 also helps broaden market participation by encouraging proposals from new
18 entrants, small firms, and diverse business enterprises, consistent with SoCalGas’ commitment to
19 supplier diversity and community-based delivery. The solicitation allows implementers to target
20 specific customer groups, including equity-classified communities.

21 SoCalGas will expand its successful IDEEA 365 program solicitation framework, which
22 provides a structured platform for third-party program providers to design, test, and refine
23 innovative approaches to energy efficiency program strategies, delivery models, and emerging
24 technologies. The continuous IDEEA 365 structure fosters ongoing collaboration between
25 SoCalGas and the broader energy efficiency industry, enabling implementers to pilot new
26 concepts in real market conditions. Providers who demonstrate measurable success under
27 IDEEA 365 may be eligible to expand their program's scope and funding, thereby scaling proven
28 solutions.

29 Through this process, SoCalGas welcomes qualified bidders to submit proposals that
30 introduce novel delivery approaches or accelerate the adoption of market-ready but underutilized
31 technologies. Solicitation is designed to harness the expertise, creativity, and practical

1 experience of the energy efficiency bidding community, while maintaining alignment with
2 portfolio needs and avoiding duplication with existing or planned program offerings. This
3 framework positions SoCalGas to continually refresh its portfolio with innovative, cost-effective
4 strategies that drive customer adoption and regulatory compliance.

5 **1. Behind-the-Meter Fugitive Methane Emissions Detection and Mitigation**

6 SoCalGas has proposed ambitious climate commitments and sustainability strategies.
7 Customer-related emissions account for approximately 96 percent of the emissions reductions
8 required to achieve economy-wide net-zero emissions by 2045. Accordingly, identifying and
9 implementing new and innovative approaches to reduce customer emissions is essential. One
10 critical area of focus is behind-the-meter fugitive methane emissions.

11 Fugitive methane emissions on the customer side of the meter occur when leaks arise in
12 piping, appliance connectors, burners, or appliances that prevent gas from being combusted
13 properly. A California Energy Commission (CEC) study found that more than half of current
14 fugitive methane emissions originate from roughly three percent of customers. SoCalGas
15 remains committed to supporting its customers in using the gas system effectively and
16 efficiently, including through strategies that reduce behind-the-meter methane emissions.⁹⁴

17 SoCalGas launched the Innovative Kitchen Management Project in 2021 to better
18 identify and address fugitive methane emissions in commercial kitchens. The project used
19 proactive outreach, methane-sensing tools, and simple data analytics to find sites with a high
20 likelihood of behind-the-meter emissions. Participating customers received service visits,
21 equipment checks, basic repairs, and low-cost efficiency measures. The project also gathered
22 appliance-level data and performance trends to guide targeted recommendations. These actions
23 produced clear insights that support safer operations, lower emissions, and better system
24 performance.

25 SoCalGas proposes extending the pilot as a dedicated energy efficiency activity to
26 continue with improvements based on lessons learned. The next phase will focus on stronger
27 customer engagement, routine maintenance, and simple behavior-change actions that support
28 reliable equipment performance and lower costs. The effort will also expand to hospitals,

⁹⁴ California Energy Commission, Assessment of Fugitive Emissions from the Natural Gas System - Commercial Buildings (CEC Report) (May 2020), *available at*:
<https://www.energy.ca.gov/sites/default/files/2021-05/CEC-500-2020-035.pdf>.

1 schools, and homes, using new data from other SoCalGas initiatives. This work will support a
2 broader strategy to reduce methane emissions and improve energy efficiency through practical,
3 field-tested solutions. This is discussed in more detail in Chapter 11.

4 **2. On-Bill Financing Enhancements**

5 SoCalGas proposes targeted enhancements to its OBF program to better support the
6 Commission’s affordability, equity, and decarbonization objectives while improving access to
7 energy efficiency and clean energy measures for nonresidential customers. These updates are
8 designed to remove long-standing participation barriers, expand the range of eligible
9 technologies, and allow customers—particularly those in disadvantaged and hard-to-reach
10 communities—to adopt deeper, more comprehensive efficiency solutions without upfront cost
11 burdens.

12 First, SoCalGas will continue to pursue the recently authorized expansion of OBF (CEF
13 Decision) to include non-energy efficiency clean energy technologies (aka “OBF+”).
14 Technologies are added through an Advice Letter process. Second, SoCalGas recommends
15 modernizing the OBF structure so that projects can be funded upon approval and the initiation of
16 the loan agreement, thereby providing funds to customers when they’re most needed and
17 reducing delays that disproportionately affect smaller contractors and equity-classified
18 customers. Third, SoCalGas proposes updating OBF terms to allow longer repayment periods
19 and higher project limits, enabling customers to pursue deeper energy efficiency investments that
20 deliver greater bill savings, emissions reductions, and long-term portfolio value.

21 These enhancements strengthen the program’s ability to serve customers equitably,
22 accelerate adoption of high-impact energy efficiency measures, and align OBF with the evolving
23 needs of the market and the Commission’s broader policy objectives.

24 **3. Offer Clean Energy Solutions to Address Electric Grid Interruptions**

25 SoCalGas requests that the Commission modernize its energy efficiency fuel-switching
26 policies to allow natural gas utilities and other portfolio administrators to offer incentives for
27 clean, efficient natural-gas electricity generators as an alternative to the diesel- and gasoline-
28 backup generators currently deployed by electric IOUs in wildfire-prone regions.

29 This policy update is urgently needed to protect ESJ communities, who
30 disproportionately experience the impacts of frequent and extended Public Safety Power Shutoff
31 (PSPS) events. Many households in these areas cannot afford solar-plus-storage systems, leaving

1 them with only two options during outages: endure prolonged electric power outages or rely on
2 high-emission, high-cost diesel and gasoline generators. Neither outcome aligns with
3 California’s climate, equity, or public health objectives.

4 Clean, efficient natural gas generators offer a far superior alternative. Compared to diesel
5 and gasoline units, these generators produce significantly lower pollutants, reduce localized air
6 toxics, and operate more quietly and efficiently. They also provide greater reliability, particularly
7 for customers who already have safe, existing natural gas service. For ESJ households—many of
8 whom include seniors, medically vulnerable residents, and families with limited financial
9 resources—this reliability is not a luxury; it is a matter of health, safety, and dignity during
10 extended outages.

11 Allowing incentives for these cleaner technologies would immediately reduce the
12 environmental and health burdens associated with diesel generator deployment in frontline
13 communities. It would also provide a cost-effective resiliency bridge while California continues
14 its transition toward zero-carbon backup solutions. As electric customers gain access to more
15 affordable plus storage options over time, they can naturally migrate to those technologies. But
16 today, many cannot, and the Commission should not leave them with only the dirtiest and most
17 polluting backup options, plus storage options, over time; they can naturally migrate to those
18 technologies. But today, many cannot, and the Commission should not leave them with only the
19 dirtiest and most polluting backup options. Plus, as storage options evolve, they can naturally
20 migrate to those technologies when they become affordable. But today, many cannot, and the
21 Commission should not leave them with only the dirtiest and most polluting backup options.

22 By updating fuel-switching rules, the Commission can empower SoCalGas and other Pas
23 to deliver near-term, measurable resiliency benefits while maintaining alignment with the state’s
24 long-term decarbonization trajectory. This approach advances California’s climate goals, reduces
25 emissions in communities that have historically borne the greatest pollution burdens, and
26 provides equitable access to essential energy services regardless of income or geography.

27 In short, clean natural gas generators are a lower-emission, more affordable, and more
28 reliable alternative to diesel and gasoline units currently used to mitigate PSPS impacts.
29 Modernizing fuel-switching policy to allow incentives for these technologies is a pragmatic,
30 equity-centered step that strengthens community resilience today while supporting the state’s
31 transition to a zero-carbon future. This is discussed in more detail in Chapter 11.

1 **P. All PAs: Incorporate community-based program design in relevant**
2 **existing and planned energy efficiency programs that promote**
3 **meaningful community involvement, advances equity, and ESJ Action**
4 **Plan goals (D.23-06-055, OP 31)**

5 SoCalGas will work with the San Joaquin Valley Clean Energy Organization to test a
6 community-based design approach in a San Joaquin Valley community with typically lower
7 participation in energy efficiency programs. The effort will place a community liaison in the
8 selected area. The liaison will make direct referrals to existing programs across all sectors. The
9 liaison will also gather clear feedback on barriers, customer experience, and community needs.

10 The effort will also bring in local partners, such as water districts, local governments,
11 workforce boards, economic-development groups, and community-based organizations. These
12 partners will help identify local opportunities and expand the program's reach. The results will
13 include community insights, participation data, and lessons learned. These results will guide the
14 development of a simple, repeatable framework. SoCalGas will use this framework across its
15 service territory in the 2028–2031 cycle if the approach proves effective.

16 **Q. SoCalREN only: Describe how SoCalREN has coordinated with the**
17 **PAs to structure a process for community-based programs for all**
18 **areas covered by the Commission’s energy efficiency programs (D.23-**
19 **06-055, OP 31). Describe the process developed. Recommend whether**
20 **a community-based approach should be administered statewide or**
21 **regionally, and by which PAs. (D. 23-06-055, p. 84).**

22 Not applicable.

1 costs⁹⁶ to help maintain stable program operations throughout the eight-year cycle. This cost
2 forecasting approach supports consistent, high-quality service delivery while reducing the
3 likelihood of mid-cycle funding adjustments, promoting rate stability and helping protect
4 ratepayers from unanticipated cost fluctuations.

5 This budget request is also informed by recent EM&V studies from the 2023-2025
6 period, which have highlighted opportunities to improve program design and delivery. For
7 example, recent process evaluations of residential energy efficiency programs across the state
8 have recommended streamlining application processes to reduce barriers to participation. In
9 response, SoCalGas has allocated resources to modernize application portals, automate eligibility
10 verification, and digitize payment options, responding to stakeholder feedback. Additionally,
11 SoCalGas has incorporated stakeholder input, including active participation in the CAEECC
12 process throughout the 2024-2025 program years. Specifically, stakeholder feedback from the
13 Market Support and Equity sub-working groups in 2024 highlighted the need for workforce
14 readiness, including contractor training to support the transition to low-GWP refrigerants where
15 permitted by the California Mechanical Code.⁹⁷

16 **B. The reasonableness of the request is further demonstrated by its**
17 **adherence to the following methodologies, which prioritize verified**
18 **performance and fiscal responsibility**

19 **1. Methodologies to forecast and allocate Resource Acquisition, Equity,**
20 **Market Support, and Codes and Standards program budget and benefits**

21 SoCalGas employs distinct forecasting methodologies for each portfolio segment to help
22 align budgets with, and remain responsive to, specific policy drivers and market conditions. To
23 provide clarity and transparency, the discussion below outlines how these methodologies inform
24 the development of forecasts for Resource Acquisition, Equity, Market Support, and Codes &
25 Standards.

26 The Resource Acquisition segment forecasts and budget are derived using a propensity-
27 to-participate model that prioritizes the most cost-efficient delivery mechanisms. SoCalGas

⁹⁶ A 3 percent adjustment is consistent with the Commission's authorization of approximately 2.9 to 3.0 percent annual attrition increases for 2026 and 2027 in SoCalGas's 2024 General Rate Case (D.24-12-074).

⁹⁷ 2022 CMC, Chapter 11 (Refrigeration), including Sections 1101.10–1101.11 (California Code of Regulations (CCR), Title 24, Part 4), governing allowable refrigerants and restrictions on A2L/A3 refrigerants in high-probability systems.

1 takes into account historical adoption rates and marginal abatement costs to forecast expected
2 customer participation. While actively engaged in evolving energy efficiency policies, the
3 forecast maintains a strong focus on cost-effective gas measures. SoCalGas prioritizes energy
4 optimization strategies that deliver cost-effective TSB at lower costs. The forecast allocates the
5 majority of resources to high-performing program strategies such as midstream and downstream
6 incentive offerings, which have historically delivered more cost-effective therm savings. By
7 focusing on these established, cost-efficient strategies, SoCalGas strengthens the TSB
8 performance.

9 The Equity segment forecast and budget employ a need-based approach, driven by a
10 commitment to closing the treatment gap for equity-defined customers. SoCalGas utilizes the
11 California Energy Commission's Low-Income Barriers Study⁹⁸ to estimate the number of
12 eligible customers who have not yet received services. The Equity forecasting methodology
13 prioritizes exempt measures and high-efficiency gas equipment replacements for customers who
14 cannot afford the high upfront costs, so that equity-defined customers retain access to affordable,
15 reliable, and highly efficient space heating and water-heating solutions. The budget funds
16 targeted, multilingual outreach and enhanced incentives for exempt measures, supporting hard-
17 to-reach and equity-eligible customers in accessing energy efficiency services that provide
18 measurable economic relief from monthly energy bills.

19 The Market Support segment forecast and budget are driven by the long-term needs of
20 the energy efficiency ecosystem. SoCalGas analyzes workforce skills gaps, specifically
21 targeting the training volume required to certify contractors in advanced gas technologies, such
22 as gas heat pumps and hybrid systems, as well as proper refrigerant management and methane
23 mitigation practices. Budgets are allocated to maintain a well-developed infrastructure of
24 training centers and technology incubators that support the broader portfolio, so that the
25 workforce is ready to deliver savings efficiently. SoCalGas also continues its commitment to
26 soliciting innovative program designs and attracting new market entrants through its IDEEA 365
27 solicitation approach.

⁹⁸ CEC Final Report, *SB 350 Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities* (December 15, 2016), available at: <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=16-OIR-02>

1 The Codes & Standards (C&S) budget consists solely of SoCalGas’s required funding
2 contribution to the Statewide C&S Advocacy program.

3 **2. Methodologies to forecast and allocate program budget and benefits by**
4 **sector**

5 SoCalGas utilizes a sector-specific bottom-up approach that aggregates measure-level
6 data to build the portfolio-level forecast. This forecast is calibrated against the Commission’s
7 2025 Potential & Goal (P&G) Study consistent with statewide TSB targets.⁹⁹ Specifically, the
8 portfolio allocation incorporates the Study’s updated sector-specific potentials, including the
9 accelerating adoption of fuel substitution measures and the market impacts of the Inflation
10 Reduction Act (IRA) and ZEAS.¹⁰⁰ Furthermore, the Study effectively sets the boundaries for
11 eligible energy efficiency in the SoCalGas service territory by establishing the Economic
12 Potential for gas measures. Notably, the Study updated the avoided cost of natural gas to reflect
13 higher system values, thereby increasing the range of gas efficiency measures—such as high-
14 efficiency water heating and building shell improvements—that pass the TRC test screen and
15 remain eligible for ratepayer funding in the 2028-2031 cycle.¹⁰¹ By aligning SoCalGas measure
16 selection with these updated economic signals, SoCalGas’s energy efficiency portfolio focuses
17 on those gas technologies the Commission has deemed cost-effective and important for near-
18 term system reliability.

19 The goals adopted from the 2025 Potential & Goals (P&G) Study assume a previously
20 proposed 2030 ZEAS phase-in from CARB. However, at CARB’s December 2025 workshop,
21 CARB proposed an alternative approach with emissive sales targets and a credit market to allow
22 for the continued sales of gas appliances (ultimately resulting in allowance of 25 percent gas
23 furnace and 50 percent gas water heater sales).¹⁰² Under this new proposal, the sale residential
24 and commercial natural gas water heating appliances would continue past 2030, which would

⁹⁹ D.25-08-034 adopted the 2025 Energy Efficiency and Goals Study as the basis for portfolio goals.

¹⁰⁰ Guidehouse, *2025 Energy Efficiency Potential and Goals Study - Final* (June 23, 2025) at 3, Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/2025-potential-goals-study/2025-group-e-potential--goals-study-final-report-20250717.pdf>.

¹⁰¹ *Id.*, at xvii.

¹⁰² CARB, Zero-Emission Space and Water Heater Standards Workshop presentation (December 11, 2025), available at: https://ww2.arb.ca.gov/sites/default/files/2025-12/December_2025_Workshop_Slides_ADA.pdf.

1 impact the assumed TSB goals in 2030 and beyond. SoCalGas used a no ZEAS forecast
2 scenario to develop its portfolio. While SoCalGas requested a third no-ZEAS scenario be
3 included in the 2025 P&G study, it was not ultimately incorporated into the final study.
4 SoCalGas used an estimate based on the potential and goals data to derive a no ZEAS goal
5 scenario. Under this scenario, residential and commercial water heating measures were not
6 assumed to drop off starting in 2030, resulting in a higher TSB threshold of \$834.6 million over
7 the four-year cycle, an increase of \$166.3 relative to the goals established for 2028-2031 in D.25-
8 08-034 of \$668.3 million.

9 As the appliance emission standards proposed by CARB are not fully approved, none of
10 the scenarios presented, neither the 2030 ZEAS nor the credit market approach presented in
11 December, are final and subject to change. As stated in SoCalGas’s opening comments on the
12 ALJ ruling inviting comments on the 2025 P&G Study, SoCalGas believes that proposed codes
13 and standards should not be incorporated into goal setting until they are adopted and finalized.¹⁰³
14 Incorporation of proposed rules into goal setting could lead to changes in forecast should the
15 adopted rule differ from the proposal used to establish goals. As energy efficiency goals are
16 updated every two years, the 2027 P&G study will supersede the goals from the 2025 P&G study
17 and set goals for the 2028-2031 portfolio, reflecting updated goals in line with the current
18 regulations at the time of the study.

19 In the residential sector, SoCalGas based its forecasts on housing stock turnover rates and
20 the remaining potential for exempt measures, such as insulation and smart thermostats, in older
21 homes. SoCalGas also targets “early replacement” opportunities for aging equipment before
22 burnout, incentivizing high-efficiency options that exceed code requirements. SoCalGas is
23 proposing to further integrate HVAC measures to support a coordinated dual-fuel strategy that
24 pairs high-efficiency gas furnaces with electric heat pumps in hybrid heating configurations to
25 help manage winter peak loads, along with promotion of smart thermostats to enhance cooling
26 efficiency during summer peaks.

27 The commercial sector forecast utilizes business activity data and segmentation analysis
28 to model adoption curves for key technologies. SoCalGas utilizes upstream market
29 transformation modeling to forecast the budget required to influence stocking practices at the

¹⁰³ R.25-04-010, SoCalGas Comments on Draft Potential and Goals Study for 2026 and Beyond at 4-5
(filed May 23, 2025).

1 distributor level, particularly for commercial water heating where gas technologies remain the
2 dominant and most cost-effective choice for many businesses. SoCalGas specifically targets
3 high-usage sectors like food service and hospitality with measures such as commercial tankless
4 water heaters and demand-control kitchen ventilation, which offer short payback periods, high
5 TSB values, and customer bill savings.

6 For the industrial sector, SoCalGas relies on a project-specific forecast grounded in the
7 pipelines developed through SEM cohorts and projects in the existing pipeline. Because
8 industrial projects are large, complex, and highly variable, there are applications of risk
9 adjustments to reflect project timing, attrition, and historical realization rates documented in
10 custom project evaluations from previous program years. This forecast prioritizes process
11 improvements and heat recovery measures that materially reduce gas intensity.

12 The public sector forecast is informed by facility-level benchmarking data,
13 capital-planning cycles, and the operational characteristics of municipal, educational, and
14 governmental buildings. SoCalGas includes the remaining potential for high-efficiency
15 water-heating, space-heating, and building-shell improvements in public facilities, many of
16 which have long equipment lifecycles and deferred maintenance needs. EM&V findings on
17 measure performance in public buildings and NMEC applicability for larger campuses are
18 incorporated to support accurate benefit estimation.

19 The agricultural sector forecast is based on end-use load profiles, crop-specific process
20 needs, and historical participation in gas-driven technologies such as greenhouse heating,
21 irrigation pumping, and process water heating. SoCalGas includes the remaining potential for
22 high-efficiency boilers, process heaters, and thermal improvements in agricultural operations.
23 Because agricultural facilities often have seasonal or variable load patterns, the forecast
24 incorporates EM&V-validated realization rates and meter-based savings methodologies to
25 support accurate benefit estimation.

26 Finally, SoCalGas allocates budgets to cross-cutting activities that support the portfolio,
27 including WE&T, Emerging Technologies (ET), and Finance. WE&T forecasts are based on the
28 number of contractors and technicians required to deliver portfolio savings and the training
29 needed to support advanced gas technologies, hybrid systems, and NMEC-enabled projects. ET
30 forecasts reflect the level of investment required to validate new gas-efficiency technologies,
31 conduct field demonstrations, and support the transition of promising technologies into Resource

1 Acquisition and Market Support programs. Finance forecasts are based on expected demand for
2 financial instruments that reduce upfront costs for customers and enable early-replacement
3 opportunities, including loan-loss reserves and administrative support for financing products.
4 These cross-cutting investments are calibrated to EM&V findings, Cost-effectiveness Tool
5 (CET) requirements, and TSB forecasting so that they directly support portfolio performance.

6 **3. Methodologies and calculations used to derive a zero-based budget** 7 **(D.21-05-031, COL 22, OP 8)**

8 Pursuant to D.21-05-031, SoCalGas utilizes a ZBB methodology for this Application.¹⁰⁴
9 Under this approach, costs included in the 2028-2035 budget are developed independently based
10 on the activities proposed.

11 The ZBB process began by defining the primary functions for each program, such as
12 implementation, contract management, marketing, and engineering review. For each function,
13 specific cost drivers were identified, such as the number of site visits required or the volume of
14 incentive applications to be processed.

15 SoCalGas then built the cost estimates by calculating the necessary Full-Time
16 Equivalents (FTEs) and non-labor expenses required to support these drivers. Labor costs were
17 established using 2025 pay band levels and then escalated. Non-labor costs were itemized based
18 on vendor contracts, software licenses, and material requirements. To support financial
19 prudence, a standard three percent annual escalation factor was applied to these input costs (labor
20 rates and vendor fees) to account for inflation over the budget cycle.

21 Finally, costs that support multiple programs, such as portfolio-wide analytics software or
22 general marketing campaigns, were isolated and allocated to the relevant programs based on
23 allocation percentages specific to each overhead category.

24 **4. Program Modifications from 2024-2027 portfolio cycle**

25 **a. Describe the significant program modifications (e.g., portfolio** 26 **segmentation changes or significant budget shifts) from the** 27 **2024-2027 portfolio cycle.**

28 The 2028-2031 portfolio delivers a deliberate and disciplined consolidation of the 2024-
29 2027 cycle, strengthening what works while reducing unnecessary complexity. The core balance
30 of Resource Acquisition, Equity, and Market Support programs remains intact, but SoCalGas has

¹⁰⁴ D.21-05-031 at 82 (OP 7).

1 made targeted material modifications to streamline delivery, reduce administrative redundancy,
2 and maintain alignment with Commission requirements and objectives, as well as customer
3 needs. This consolidation constitutes a direct response to the Order Instituting Rulemaking
4 (OIR) R.25-04-010, which mandates that portfolios advance affordability through strengthened
5 oversight and the elimination of duplicative offerings.¹⁰⁵

6 Furthermore, the streamlined structure responds to the findings in the California State
7 Auditor’s report for greater transparency, enabling SoCalGas to effectively identify and correct
8 underperforming initiatives.¹⁰⁶ These refinements are designed to direct ratepayer funds toward
9 the cost-effective interventions prioritized in the Commission’s adoption of TSB goals. The
10 following section provides detailed rationale and supporting analysis for these major program
11 modifications.

12 SoCalGas proposes to consolidate select programs that include both Resource
13 Acquisition and Equity components and report each consolidated offering as a single program
14 with a single Implementation Plan.

15 By transitioning to fewer, more integrated program contracts going forward, SoCalGas
16 streamlines the solicitation and management process, allowing partners to dedicate more
17 resources to customer engagement. However, SoCalGas will implement these consolidated
18 program solicitations in a manner that intentionally supports Small Business Enterprise (SBE)
19 participation, so that the shift to larger program structures preserves meaningful
20 supplier-diversity opportunities.

21 **1. Strategic Consolidation of Program Delivery:** A central modification is the
22 consolidation of similar intervention strategies into a single program offering to reduce market
23 confusion and achieve meaningful administrative and operational efficiencies. Operating multiple
24 programs with comparable objectives requires duplicative solicitations, contracting processes,
25 budget tracking, EM&V coordination, and IT system support. By integrating these efforts into a
26 unified program structure, SoCalGas expects to reduce redundant administrative functions and
27 lower overhead associated with parallel program management. This consolidation is expected to
28 lower overall program delivery costs while providing customers with a clearer, more streamlined

¹⁰⁵ R.25-04-010 at 5.

¹⁰⁶ The California Public Utilities Commission, 2023-127 (March 18, 2025) at 43, *available at*:
<https://www.auditor.ca.gov/wp-content/uploads/2025/03/2023-127-Report.pdf>.

1 participation pathway that improves responsiveness and uptake.

- 2 • **Single Family Consolidation:** The resource acquisition and equity
3 components of the Residential Advanced Clean Energy Program (formerly
4 SCG3883 and SCG3935) are being merged into the Single Family Direct
5 Install Program under program code SCG4009. This aligns similar single-
6 family direct install efforts under consolidated program structures.
- 7 • **Multifamily Consolidation:** The Multifamily Whole Building Program
8 (formerly SCG3705 and SCG3938) will be merged with other overlapping
9 multifamily initiatives, specifically absorbing the scope of the former
10 SCG3938 program into a single, cohesive program under program code
11 SCG4005. Additionally, the resource acquisition and equity components of
12 the Multifamily Energy Alliance Program (formerly SCG3889 and
13 SCG3936) are being merged into the Multifamily Direct Install Program
14 under program code SCG4002. These consolidations eliminate duplicative
15 administrative costs and provide a unified interface for multifamily
16 properties and dwelling units, allowing for a more seamless customer
17 experience that delivers both equity and resource benefits through a single
18 channel.
- 19 • **Mobile Home Consolidation:** The Comprehensive Mobile Home Program
20 (formerly SCG3884) and the Residential Mobile Home Program (formerly
21 SCG3885) will be consolidated into a single Mobile Home Direct Install
22 Program under program code SCG4003. This unification streamlines service
23 delivery for this residential segment, providing consistent offerings and
24 simplified access to energy saving measures across the service territory.
- 25 • **Cross-Cutting SEM:** The distinct industrial and commercial SEM efforts,
26 including Strategic Energy Management (formerly SCG3714), Commercial
27 Strategic Energy Management (formerly SCG3939), and Innovations to
28 Industrials (i2i) SEM (formerly SCG3945) will be merged into a single cross-
29 cutting Strategic Energy Management Program under program code
30 SCG4014. This consolidated program will serve all eligible customers across
31 all nonresidential sectors, enabling a unified engagement model that
32 leverages best practices to drive operational efficiency.
- 33 • **Industrial Sector Streamlining:** Multiple distinct industrial programs which
34 were originally split by sub-sector (NAICS code) will be consolidated into one
35 comprehensive program. The Industrial Savings, Training, Assistance, and
36 Rebates (Industrial STAR) Program, Industrial Energy Partners (IEP)
37 Program, and Refinery Gas Energy Efficiency (RGEEP) Program (formerly
38 SCG3942, SCG3943, SCG3944) are being merged under the program code
39 SCG3998. These mergers simplify the customer journey, allowing industrial
40 customers easier access to energy efficiency.
- 41 • **Commercial Sector Streamlining:** Multiple distinct commercial offerings will
42 be consolidated into comprehensive programs. The resource acquisition and
43 equity components of the Small and Medium Commercial Energy Efficiency

1 Program (formerly SCG3882 and SCG3937) and Commercial-BEST
2 (formerly SCG3887 and SCG3940) are being merged into the Small and
3 Medium Commercial Program under the program code SCG3996.
4 Similarly, the Service RCx Large Commercial Program (formerly SCG3891)
5 is being merged into the Large Commercial Energy Efficiency Program
6 under the program code SCG3997 (formerly SCG3892). These mergers
7 simplify the customer journey, allowing businesses to access rebates and
8 services through fewer points of entry.

- 9 • **Municipality Partnership Program:** SoCalGas has an extensive network of
10 partnership programs with electric utilities and water utilities and agencies
11 throughout its service territory. In order to serve current and future
12 partnerships in a streamlined manner, the Local Government Partnerships
13 Programs (formerly SCG3832, SCG3833, and SCG3834) are being merged
14 into a single Municipality Partnership Program under the program code
15 SCG4017. This consolidation streamlines the engagement model for local
16 governments, allowing for a more coordinated approach to supporting
17 municipal climate action plans and energy efficiency goals across the service
18 territory.

19 2. Portfolio Segmentation and Budget Shifts:

- 20 • **Resource Acquisition (RA):** Midstream programs continue to hold a
21 prominent role in the RA portfolio. Notably, the Statewide Midstream
22 Commercial Water Heating Program (SCG_SW_MCWH) has been allocated
23 a significant portion of the commercial budget (approximately 30% of the
24 relevant sector funds), reflecting its verified high performance and future
25 energy efficiency potential. Conversely, funding for lower-performing
26 downstream rebate programs have been reduced to support these high-yield
27 channels.
- 28 • **Equity Segment:** The Equity portfolio has been refined to actively promote
29 the deployment of “Exempt Measures” (building envelope, health/safety)
30 consistent with D.23-04-035.107 Budget allocations for the Multifamily
31 Whole Building Program (SCG4005), Residential Energy Efficiency Program
32 (SCG4008), Small/Medium Commercial Program (SCG3996), Single Family
33 Direct Install Program (SCG4009), Mobile Home Direct Install Program
34 (SCG4003), and Multifamily Direct Install Program (SCG4002) have been
35 adjusted to their dual capacity to deliver traditional resource benefits while
36 expanding the adoption of equity-focused measures, consistent with the new
37 cost-effectiveness exemptions.
- 38 • **Market Support:** The market support budget activities have been refined to
39 specifically target workforce gaps identified in the 2024-2027 cycle. This
40 includes dedicated funding for WE&T Career Connections
41 (SCG_SW_WET_CC), Workforce Readiness (SCG_SW_WET_Work), and

¹⁰⁷ D.23-04-035, OP 6.

1 local training work through the Integrated Energy Efficiency Training
2 program (SCG4019) to support the transition to advanced gas technologies
3 and proper refrigerant management.

4 **3. Program Transitions and Regulatory Contingencies:**

- 5 • **Residential Behavioral Program (formerly SCG3824):** The Residential
6 Program continues to drive significant energy savings, helping customers
7 reduce not only their energy usage but also their monthly costs. The
8 program is expanding its reach while deepening its behavioral strategies and
9 analytical capabilities, including the development of stronger propensity-
10 modeling efforts that can disaggregate aggregated usage data, making
11 insights more actionable and ultimately enabling customers to achieve
12 greater affordability. Although the Nonresidential Program (formerly
13 SCG3898) did not generate substantial savings in its initial launch, it
14 demonstrates strong potential for future growth. Continued exploration of
15 targeted strategies, new engagement approaches, and deeper analytical
16 insights can position the Nonresidential Behavioral Program (formerly
17 SCG3898) for greater impact in subsequent cycles. While the Nonresidential
18 Behavioral Program has been identified for retirement in support of a
19 unified cross-sector approach under program code SCG4011, opportunities
20 for future exploration will continue.
- 21 • **Statewide Upstream HVAC and Plug Load & Appliances Programs:** The
22 strategy for the Upstream HVAC Program is contingent on the outcome of
23 the active Advice Letter protest regarding “All Electric” measures.¹⁰⁸
24 SoCalGas retains the flexibility to reframe this offering as local or regional
25 programs to advance efficient HVAC systems as needed, pending the
26 outcome of ongoing policy discussions. Regarding Plug Load & Appliances,
27 SoCalGas actively seeks to recapture the authority to implement these
28 measures at a local level. Accordingly, SoCalGas will integrate these
29 offerings as a delivery channel under the existing Residential Energy
30 Efficiency Program, maintaining continued customer access to appliance
31 incentives within a stable, locally administered framework.

32 **b. List all closed programs in Table 7**

33 Table 7 presents the consolidated 2028-2031 program portfolio, reflecting SoCalGas’s
34 shift from narrowly defined programs to a more integrated delivery model. In prior cycles, the
35 program portfolio was divided into programs organized by delivery channel or technology type,
36 which resulted in multiple Implementation Plans and added administrative burden. For this
37 cycle, SoCalGas has consolidated programs by customer sector and intervention type rather than

¹⁰⁸ SoCalGas Protest to Pacific Gas and Electric Company’s November 4, 2025, mid-cycle Tier 2 Advice Letter (AL) 5141-G/7752-E (November 24, 2025) at 4.

1 by contract structure or technology silo. This approach directly responds to the Commission’s
 2 direction in the Rulemaking to streamline portfolios, strengthen oversight, and improve
 3 affordability by reducing administrative complexity that can obscure program performance.¹⁰⁹

4 The budgets shown in Table 7 were developed using a bottom-up budgeting
 5 methodology. SoCalGas did not roll over any prior spending. Staff reviewed the historical
 6 performance of discontinued sub-programs. Those costs were reassigned to the new parent
 7 programs. This approach is designed so that the consolidated budget reflects the activities now
 8 included in each program.

Table 7: Closed Programs from the 2024-2027 Cycle						
Name of Closed Program	Segment	Sector	Unspent Budget of the Closed Program	Total budget from the 2024-2027 cycle* (\$Million)	Rationale for Program Closure	Under-Performance and Remediation
Residential Energy Efficiency Program (REEP)	Equity	Residential	N/A	\$18.4	Consolidated into REEP Resource Acquisition Program	N/A
Multifamily Whole Building Program (MFWB)	Resource Acquisition	Residential	N/A	\$10.0	Consolidated into MFWB Equity Program	N/A
Strategic Energy Management	Resource Acquisition	Industrial	N/A	\$2.7	Program solicited as 3P and continuing as Innovation to Industrials (i2i) SEM	N/A
Innovation to Industrials (i2i) SEM	Resource Acquisition	Industrial	N/A	\$6.2	Merged into the cross-cutting SEM Program	N/A
Commercial SEM	Resource Acquisition	Commercial	N/A	\$8.6	Merged into cross-cutting SEM Program	N/A
HERS Rater Training Advancement	Market Support	Cross-Cutting	N/A	\$3.2	As T-24 code transitions to all electric, HERS Rater training	N/A

¹⁰⁹ R.25-04-010 at 5.

Table 7: Closed Programs from the 2024-2027 Cycle

Name of Closed Program	Segment	Sector	Unspent Budget of the Closed Program	Total budget from the 2024-2027 cycle* (\$Million)	Rationale for Program Closure	Under-Performance and Remediation
					should be funded through electric rates.	
Pasadena Water & Power Home Upgrade Program	Resource Acquisition	Residential	N/A	\$2.1	Merged into Municipality Partnership Program	N/A
Burbank Water & Power Home Upgrade Program	Resource Acquisition	Residential	N/A	\$2.0	Merged into Municipality Partnership Program	N/A
LADWP Direct Install Program	Resource Acquisition	Commercial	N/A	\$3.8	Merged into Municipality Partnership Program	N/A
REN Fiscal Management & Coordination	Market Support	Public	N/A	\$1.4	CPUC Oversight of REN Fiscal activities	N/A
Small and Medium Commercial Energy Efficiency Program	Resource Acquisition	Commercial	N/A	\$9.2	Merged into Small/Medium Commercial Program	N/A
Commercial-BEST	Resource Acquisition	Commercial	N/A	\$7.3	Merged into Small/Medium Commercial Program	N/A
Small and Medium Commercial Energy Efficiency Program	Equity	Commercial	N/A	\$14.2	Merged into Small/Medium Commercial Program	N/A
Commercial-BEST	Equity	Commercial	N/A	\$8.4	Merged into Small/Medium Commercial Program	N/A
Residential Advanced Clean Energy	Resource Acquisition	Residential	N/A	\$8.7	Consolidated into Single Family Direct Install	N/A

Table 7: Closed Programs from the 2024-2027 Cycle

Name of Closed Program	Segment	Sector	Unspent Budget of the Closed Program	Total budget from the 2024-2027 cycle* (\$Million)	Rationale for Program Closure	Under-Performance and Remediation
Program					Program	
Residential Advanced Clean Energy Program	Equity	Residential	N/A	\$15.9	Consolidated into Single Family Direct Install Program	N/A
Comprehensive Mobile Home Program	Equity	Residential	N/A	\$9.7	Merged into Mobile Home Direct Install Program	N/A
Residential Mobile Home Program	Equity	Residential	N/A	\$6.9	Merged into Mobile Home Direct Install Program	N/A
Multifamily Energy Alliance Program	Resource Acquisition	Residential	N/A	\$8.7	Consolidated into the Multifamily Direct Install Program	N/A
Multifamily Energy Alliance Program	Equity	Residential	N/A	\$9.8	Consolidated into the Multifamily Direct Install Program	N/A
Service RCx Large Commercial Program	Resource Acquisition	Commercial	N/A	\$3.8	Merged into the Large Commercial Energy Efficiency Program	N/A
Nonresidential Behavioral Program	Resource Acquisition	Commercial	N/A	\$3.4	Retiring due to inability to claim savings	N/A
Disadvantage Community Outreach	Market Support	Residential	N/A	\$3.9	Activities merged into CLEO program	N/A
Educational Outreach Program	Resource Acquisition	Residential	N/A	\$7.5	Retiring at end of contract term	N/A
Nonresidential Calculated Incentives	Resource Acquisition	Cross-cutting	N/A	\$11.6	Merged into Nonresidential Energy Efficiency Program	N/A
Nonresidential Deemed Incentives	Resource Acquisition	Cross-cutting	N/A	\$19.1	Merged into Nonresidential Energy Efficiency	N/A

Table 7: Closed Programs from the 2024-2027 Cycle

Name of Closed Program	Segment	Sector	Unspent Budget of the Closed Program	Total budget from the 2024-2027 cycle* (\$Million)	Rationale for Program Closure	Under-Performance and Remediation
					Program	
Industrial Savings, Training, Assistance, and Rebates (Industrial STAR) Program	Resource Acquisition	Industrial	N/A	\$3.2	Merged into Industrial Energy Efficiency Program	N/A
Industrial Energy Partners (IEP) Program	Resource Acquisition	Industrial	N/A	\$18.0	Merged into Industrial Energy Efficiency Program	N/A
Refinery Gas Energy Efficiency (RGEEP) Program	Resource Acquisition	Industrial	N/A	\$19.3	Merged into Industrial Energy Efficiency Program	N/A
K-12 Public Schools Program (K12PSP)	Resource Acquisition	Public	N/A	\$1.2	Retiring at end of 2-year IDEEA contract term.	N/A
Brewery Energy Efficiency and Heat Recovery (BEER) Program	Resource Acquisition	Commercial	N/A	\$1.5	Retiring at end of 2-year IDEEA contract term.	N/A
TEG Wall Furnace Direct Install Program	Resource Acquisition	Residential	N/A	\$1.3	Retiring at end of 2-year IDEEA contract term.	N/A
Pool Heating Energy Efficiency Program	Resource Acquisition	Commercial	N/A	\$1.4	Retiring at end of 2-year IDEEA contract term.	N/A
Sustainability Studies and Solutions	Market Support	Industrial	N/A	\$0.8	Retiring at end of 2-year IDEEA contract term.	N/A
Energy Efficiency and	Resource Acquisition	Commercial	N/A	\$0.8	Retiring at end of 2-year IDEEA	N/A

Table 7: Closed Programs from the 2024-2027 Cycle

Name of Closed Program	Segment	Sector	Unspent Budget of the Closed Program	Total budget from the 2024-2027 cycle* (\$Million)	Rationale for Program Closure	Under-Performance and Remediation
Rehabilitation Program					contract term.	
*Budgets current as of the SoCalGas Mid-cycle Advice Letter (MCAL) 6559-G filed on November 4, 2025. As of March 9, 2026, the MCAL is still pending Commission approval.						

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c. List all new programs/program placeholders in Table 8 below.

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Table 8: New Programs in 2028-2032 Application Cycle

Name of New Program/Placeholder Program	Segment	Sector	High-Level Program Description/Purpose
Municipality Partnership Program	Market Support	Cross-Cutting	Consolidation of Burbank, Pasadena, and LADWP partnership programs
Nonresidential Energy Efficiency Program	Resource Acquisition	Cross-Cutting	Consolidation Nonresidential Deemed and Calculated programs
SEM Program	Resource Acquisition	Cross-Cutting	Consolidation of Commercial and Industrial SEM programs
Industrial Energy Efficiency Program	Resource Acquisition	Industrial	Consolidation of ISTAR, IEP, and RGEEP programs

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1 preparing customers and contractors for the state’s long-term energy and climate objectives over
2 the eight-year horizon.

3 Together, these proposed outcomes form a cohesive, forward-looking energy efficiency
4 portfolio that is operationally efficient, customer centered, and aligned with the Commission’s
5 expectations. SoCalGas is prepared to implement this plan, so that each strategy is not only
6 compliant but materially advances both the four-year portfolio goals and the broader eight-year
7 strategic objectives.

8 **a. Logic Model**

9 The portfolio level- logic models that follows provides a concise visual roadmap of how
10 SoCalGas’s 2028-2035 Application is structured to achieve its four-year and eight- year
11 goals. Using the W.K. Kellogg Foundation framework¹¹⁰ and consistent with the strategies
12 outlined in Chapter 3, the model traces the causal chain from the risks and barriers that shape
13 program design, through the portfolio’s core inputs—ratepayer funding, third-party
14 implementers, and cross utility- partnerships to —sector specific- activities, measurable outputs,
15 and the short- and long-term- outcomes. The three models reflect the balance between Resource
16 Acquisition activities that deliver near-term-, verifiable savings; equity segment strategies that
17 deploy exempt measures per D.23-04-035, advance ESJ Action Plan Goals 1-9, and reduce
18 barriers for underserved communities; and Market Support investments that build long-term
19 market capacity through workforce education and training, financing enhancements, emerging
20 technology validation, and innovation platforms such as the IDEEA365 solicitation
21 framework. Together, these logic models serve as the organizing structure for the Application,
22 illustrating how SoCalGas’s streamlined portfolio design—connects each portfolio component to
23 affordability consistent with Executive Order N-5-24, reliability, decarbonization,
24 and equitable access across the eight-year horizon

25 SoCalGas presents the following portfolio logic models for resource acquisition, equity,
26 and market support segments.

¹¹⁰ The Kellogg Foundation Logic Model Framework provides a standardized method for linking EE program inputs, activities, outputs, and outcomes in a clear causal chain. *See*, W.K. Kellogg Foundation, Logic Model Development Guide (2004), available at: <https://www.wkkf.org/resource-directory/resources/2004/01/logic-model-development-guide>.

SoCalGas Logic Model — Resource Acquisition Segment

Risks & Barriers	High upfront costs, split incentives, and competing capital priorities limit customer investment in efficient gas equipment across all sectors	Low customer awareness of operational and behavioral savings; limited familiarity with SEM and meter-based approaches outside large facilities	Aging building stock with poor envelopes; diverse climate zones from coastal to high-desert create varied efficiency needs and program complexity
Inputs, Strategies & Activities	Downstream, midstream, and upstream rebates for high-efficiency gas appliances, hybrid heating systems, and building envelope measures across all sectors		On-Bill Financing with expanded \$400K cap, repayment extended to equipment useful life, and milestone prefunding expanded to all nonresidential customers
	Consolidated direct-install programs with on-site energy audits delivering smart thermostats, water-heater controllers, and envelope improvements (insulation, air sealing, windows)	SEM, extended to all suitable sectors; NMEC and Market Access Program (MAP) for meter-based savings measurement and verification	Home Energy Reports and behavioral interventions using randomized controlled trials to drive operational and usage-pattern savings at scale
Outputs	Total System Benefits (TSB) achieved (\$)	Therms saved: deemed, calculated, and NMEC	Equipment installed and

			direct installs completed
	OBF loans originated, dollars financed, and average repayment terms	SEM enrollments and MAP participants across sectors	Behavioral program participants and verified savings from RCTs
Short-term Outcomes (1–2 years)	Reduced monthly energy bills and total energy burden for participating customers across all sectors	Increased adoption of high-efficiency equipment across climate zones; validated SEM and NMEC measurement approaches	
Mid-term Outcomes (4 years)	Sustained TSB growth and portfolio cost-effectiveness from long-life, high-impact measures across all sectors	Deep retrofit adoption enabled by expanded OBF financing terms and caps; SEM and benchmarking embedded as standard commercial and industrial practice	
Long-term Outcomes (8 years)	Market transformation: efficient gas equipment becomes standard practice across residential, commercial, and industrial sectors	Persistent energy savings and measurable GHG reductions supporting California’s state climate targets	

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SoCalGas Logic Model — Equity Segment			
Risks & Barriers	High energy burden, language barriers, and historical distrust of utility programs limit ESJ community participation in efficiency programs	Climate vulnerability—extreme heat, wildfires, and PSPS events—disproportionately impacts DAC households lacking	Workforce not reflective of communities served; split incentives in multifamily

		affordable resilience options	housing; no standardized equity impact metrics for tracking progress
Inputs, Strategies & Activities	Exempt measure deployment per D.23-04-035: insulation, air sealing, smart thermostats, efficient windows and doors, water-monitoring devices, and behavioral measures	CBO-anchored multilingual and dialect-sensitive outreach with AI-driven customer targeting; multi-channel engagement (mailers, SMS, digital, in-person); streamlined enrollment	Education, technical assistance, and contractor coordination; streamlined landlord approvals for multifamily; coordination with LIHEAP, weatherization, and grant programs
	Exempt measure and SEM-lite pilots in DACs; San Joaquin Valley community-based design pilot with local liaison and CBO partners; structured barrier assessments	Bundled whole-home efficiency for climate resilience; natural gas generator incentives as PSPS alternative to diesel/gasoline (pending fuel-switching rule update)	Targeted WE&T recruitment from DAC communities; community college and trade school partnerships; demographic participation

			reporting via geographic linkage; CBO feedback loops
Outputs	Exempt measures installed in DAC/ESJ households and buildings	Outreach contacts by language, channel, and community type	Pilot participation data and barrier assessment reports
	Workers trained and certified from DAC communities	Demographic participation reports filed (annual metrics, quarterly claims)	SJV community liaison referrals and community feedback documented
Short-term Outcomes (1–2 years)	Improved indoor comfort, air quality, and safety; reduced energy burden; increased ESJ participation rates versus baseline (ESJ Goals 1–3)	ESJ households maintain safe indoor conditions during extreme weather; reduced diesel generator reliance during PSPS events (ESJ Goals 4–6)	Expanded qualified, culturally competent contractor pool in DACs; baseline demographic reporting established; initial equity monitoring operational (ESJ Goals 7–9)
Mid-term Outcomes (4 years)	Scalable exempt measure delivery model validated and replicated; ESJ communities	Community-based delivery framework from San Joaquin Valley pilot replicated across	Self-sustaining local workforce pipeline reflecting

	receiving proportional share of EE portfolio investment	service territory with proven participation gains	community demographics; comprehensive equity measurement and reporting established
Long-term Outcomes (8 years)	Sustained, measurable reductions in ESJ community energy burden with quantifiable public health improvements in disadvantaged communities	Climate-resilient ESJ communities with trusted, accountable utility-community relationships and active ESJ participation in program design	Durable high-road career pathways in clean energy for DAC residents; data-driven continuous improvement cycle supporting equitable outcomes at scale

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SoCalGas Logic Model — Market Support Segment

Risks & Barriers	Contractors lack training in low-GWP refrigerants (A2L/A3 safety), building envelope, and emerging technologies; limited training access in DAC and rural areas	Upfront cost remains the top adoption barrier; current OBF cap and repayment terms insufficient for deep retrofits; small projects fail bill neutrality	Narrowing implementer ecosystem dominated by large firms; scaling from pilot to portfolio is costly and risky; regulatory uncertainty slows commercialization
Inputs, Strategies & Activities	<p>WE&T: advanced HVAC installation, EPA 608 refrigerant certification, A2L/A3 safe handling, building envelope training, and CARB REFRESH promotion; multilingual materials and digital platforms</p> <p>OBF enhancements: raise cap to \$400K, extend repayment to equipment EUL, milestone prefunding for all nonresidential; GoGreen Home financing; OBF+ for clean energy technologies; TOB proposal under AB 737</p>	<p>Workforce pipeline: community college and trade school partnerships in DACs; apprenticeship and certification tracking; trade ally engagement and sustainability professional development</p> <p>Statewide GET program: technology screening, laboratory testing, in-situ field demonstrations, and customer acceptance research with transparent published results for PA decision-making</p>	
	IDEEA365 year-round	Behind-the-meter methane	Co-delivery

	<p>innovation solicitation encouraging new entrants, small firms, and diverse businesses; pilot new delivery models and scale successful concepts to full programs</p>	<p>leak detection and mitigation across sectors; refrigerant management with low-GWP transition training integrated into all implementer contracts</p>	<p>partnerships with LADWP, MWD, POUs, and water agencies: shared marketing, inspections, incentives, and consolidated reporting; CEIP pilot integrating EE with SGIP and DER</p>
Outputs	<p>Professionals trained and certifications earned (EPA 608, envelope, EE installation) by type and demographic</p>	<p>OBF and GoGreen Home loans originated; dollars financed; average repayment terms</p>	<p>Technologies screened, tested, and validated with published results</p>
	<p>IDEEA365 proposals received, funded, and new/diverse implementers engaged</p>	<p>Methane leaks detected and repaired; refrigerant recovered (lbs); co-delivery installations and cost savings documented</p>	<p>C&S funding transfers to PG&E (statewide lead) completed annually</p>
Short-term Outcomes (1–2 years)	<p>Larger, more skilled contractor workforce with improved installation quality and increased low-GWP refrigerant handling compliance</p>	<p>Increased EE project completion from reduced first-cost barriers; faster starts via prefunding; more small projects meeting bill neutrality</p>	<p>Pipeline of validated technologies for portfolio integration; broader implementer</p>

			ecosystem via IDEEA365; demonstrated co-delivery cost savings
Mid-term Outcomes (4 years)	Self-sustaining workforce pipeline from DAC communities; industry-wide improvement in installation quality, safety, and refrigerant management	Deeper retrofits enabled by higher OBF caps and longer terms; self-sustaining revolving loan pool supporting ongoing EE investment	Continuous technology refresh at efficiency frontier; scalable co-delivery model operational territory-wide with electric IOUs and water agencies
Long-term Outcomes (8 years)	High-road career pathways established in clean energy; WE&T enabling Resource Acquisition and Equity segment performance gains statewide	Finance as integrated enabler across all portfolio segments; TOB mechanism operational (if AB 737 approved); statewide utility financing model	Diverse, competitive innovation ecosystem; IDSM delivering multi-fuel benefits; California model for cross-utility EE collaboration

1 **B. Strategies to optimize portfolio and manage risk**

2 **1. Describe how the PA uses TSB goals and cost-effectiveness metrics to**
3 **maximize overall portfolio performance. Include the PA’s approach to**
4 **setting and tracking goals, the use of metrics and procedures in place to**
5 **stay “on-target” to meet TSB and cost-effectiveness requirements, as**
6 **applicable.**

7 SoCalGas uses its TSB goals and cost-effective metrics as the central management tools
8 for maximizing overall Resource Acquisition segment performance. The segment is planned
9 and operated around the Commission-assigned annual TSB targets¹¹¹ and the requirement that
10 the Resource Acquisition segment is cost-effective.¹¹² These Commission-established
11 benchmarks form the basis for SoCalGas’s internal goal setting, program-level performance
12 expectations, and contract-level accountability.

13 To develop a clear and achievable pathway to the program cycle TSB requirement,
14 SoCalGas allocates program-specific TSB targets across all Resource Acquisition
15 programs. Each program is also assigned a TRC ratio target to maintain the cost-effectiveness of
16 the entire Resource Acquisition segment. These targets serve as firm operational mandates; they
17 are embedded directly into SoCalGas’s management systems and into the contractual obligations
18 of third-party implementers. Typically, SoCalGas ties a portion of implementer compensation to
19 program-specific performance metrics, so that they are financially consequential and
20 continuously monitored. For SoCalGas core programs, program managers and their leadership
21 teams are assigned annual TSB and TRC performance targets that align
22 with portfolio objectives and Commission’s requirements.

23 SoCalGas adopted a three-prong strategy to develop its 2028-2031 Portfolio Strategy:
24 Simplify, Consolidate, and Optimize. In the simplification step, the reporting structure for
25 programs was streamlined to reduce administrative complexities. In this step, programs with
26 Resource Acquisition and Equity reporting elements were combined and the most appropriate
27 Program Segment was selected for each consolidated program based on the goals of the new
28 program.

¹¹¹ D.25-08-034 (OP 1).

¹¹² “Program administrators, with the exception of RENs, should be required to ensure that their energy efficiency resource acquisition programs exceed a 1.0 TRC on a forecasted basis, in order for the Commission to approve the programs.” D.21-05-031 (COL 8).

1 In the consolidation step, programs with overlapping goals or structures were
2 combined. In the simplification step, programs which were split by NAICS code, geographical
3 territory, savings calculation type, or sector were consolidated into a single program. This
4 included the Industrial, Small/Medium Commercial, Large Commercial, and
5 Commercial/Industrial SEM being consolidated into streamlined program offerings.

6 In the Optimization step, program budgets were reallocated within the remaining list of
7 programs, based on current performance to maximize portfolio TSB. Some programs had their
8 budgets reduced relative to 2024-27 levels, while others had their budgets expanded.

9 **2. Describe the PA’s overall approach and flexibility**
10 **in identifying and managing the risk of underperformance at**
11 **the portfolio level. Include how performance is monitored, how**
12 **underperformance is identified in a timely manner, and how**
13 **the PA intervenes to support success across programs,**
14 **including making adjustments or closing programs when**
15 **warranted.**

16 **C. Outline a corrective action plan for programs, sectors, and/or**
17 **segments that are underperforming.**

18 **D. If applicable, describe the flexibility that should be retained for this**
19 **cycle.**

20 **E. Program specific closures and remediation strategies should be**
21 **detailed in the list of closed programs in Table 8 above.**

22 Progress toward Commission assigned TSB and TRC ratio metrics is tracked
23 continuously throughout the year through monthly, quarterly, and annual performance
24 reports maintained by SoCalGas’s internal reporting team. These reports are reviewed at
25 multiple organizational levels, including the energy efficiency leadership team, to oversee that
26 performance remains on target and that emerging risks are identified early.

27 To maintain disciplined progress toward annual goals, SoCalGas prepares monthly
28 forecasts for every Resource Acquisition program. These forecasts are developed collaboratively
29 with third-party implementers or SoCalGas program managers and incorporate each program’s
30 project pipeline, budget status, marketing and outreach plans, historical participation patterns,
31 macroeconomic conditions, and implementer insights into customer and market
32 behavior. Forecasts are compared against actual performance throughout the year
33 to identify variances and determine whether corrective action is required.

34 When performance falls below expectations, SoCalGas initiates a structured recovery

1 process. This includes working directly with the implementer or program manager to diagnose
2 the cause of the shortfall, develop a corrective action plan, and implement targeted adjustments
3 such as intensified outreach, accelerated pipeline development, or reallocated
4 resources. Progress against the recovery plan is then closely monitored to confirm whether the
5 program returns to its TSB and TRC trajectories. These provisions mirror the performance
6 monitoring and corrective action requirements embedded in SoCalGas's third-party
7 implementation contracts, which obligate implementers to meet defined metrics and authorize
8 SoCalGas to intervene when underperforming.

9 In addition, SoCalGas employs a dashboard-based monitoring framework
10 that consolidates monthly contract reports to track key indicators, including TSB achievement,
11 incentive commitment rates, and customer project pipeline health. Risk is flagged when a
12 program falls below defined thresholds, such as a variance from forecasted TSB or failure to
13 convert pipeline projects into installed measures at expected rates. Upon identification of
14 underperformance, SoCalGas applies a tiered intervention strategy. The first tier involves a
15 collaborative review with the implementer or program manager to diagnose root causes, such as
16 supply chain bottlenecks or ineffective customer targeting. If performance does not improve
17 within a defined quarter, the program escalates to a second tier requiring a formal remediation
18 plan with strict, timebound milestones.

19 Through this disciplined, metrics driven framework, anchored in Commission authorized
20 targets, reinforced by contractual obligations, and supported by continuous forecasting and
21 monitoring, SoCalGas maintains strong control over portfolio performance and manages the
22 Resource Acquisition segment to consistently deliver cost-effective energy savings and achieves
23 its annual TSB targets.

24 • **Portfolio Flexibility**

25 SoCalGas respectfully requests that the Commission retain key PA flexibilities, as
26 presented below, to allow for the portfolio to remain adaptive, cost-effective, and aligned with
27 Commission policy objectives. In addition, SoCalGas seeks clarification that these flexibilities
28 explicitly extend to counting TSB achieved through REN portfolios funded by SoCalGas
29 ratepayers toward the Commission assigned targets, so that all ratepayer supported benefits are
30 recognized.

1 • **Continuation Energy Efficiency Portfolio Fungibility**

2 SoCalGas requests that the Commission retain key portfolio flexibility necessary for
3 effective and responsive program administration. The ability to carry over and carry forward
4 authorized funds across program years within the four-year cycle is a tool that supports
5 alignment of resources with fluctuating customer demand and Commission-adopted
6 goals. Finally, the discretion to reallocate funding from underperforming programs to those with
7 excess demand preserves portfolio performance and maximizes TSB. Retaining these
8 flexibilities is consistent with Commission precedent and necessary to deliver a high-value,
9 adaptive, and accountable portfolio.

10 • **Program Modifications, Closures, and Openings**

11 SoCalGas emphasizes the importance of maintaining operational flexibility
12 to modify implementation strategies and terminate underperforming third-party contracts
13 efficiently. This flexibility enables timely adaptation to market conditions, evolving policy
14 directives, and updated savings assumptions, so that ratepayer funds are consistently directed to
15 productive uses. While formal program closures are processed through the established Tier 2
16 Advice Letter process, SoCalGas maintains the operational flexibility to adjust program-level
17 budgets, shift resources across implementation strategies, and modify the underlying portfolio
18 mix to maximize results. In addition, PAs should continue to have the ability to launch new
19 programs under limited, defined conditions. This authority allows SoCalGas to partner with
20 third-party providers through initiatives such as the IDEEA 365 solicitations,
21 which facilitate the timely testing of innovative program concepts and emerging energy
22 efficiency technologies. Preserving these flexibilities helps the portfolio to remain responsive,
23 forward looking, and aligned with Commission objectives while maximizing value for customers
24 and ratepayers.

25 • **Annual TSB Targets vs. Cumulative TSB Goals**

26 SoCalGas also submits that the Commission should continue to assign cumulative TSB
27 goals over the four-year energy efficiency portfolio cycle. While the established annual targets
28 provide a basis for assessing portfolio performance, Portfolio Administrators should not be
29 required to meet the yearly targets on an annual basis. As the Commission has previously
30 recognized, cumulative goals facilitate the orderly entry and exit of energy efficiency programs
31 from the market and provide IOUs with the flexibility to strategically manage their

1 offerings.¹¹³ This structure allows IOUs to maximize program effectiveness by reallocating
2 resources in response to market conditions, customer demand, and evolving policy priorities,
3 while still positioning the portfolio as a whole to deliver the required level of cost-effective
4 energy savings. Retaining four-year cumulative TSB goals strikes the right balance between
5 accountability and operational flexibility, so that ratepayer funds are used productively and in
6 line with Commission objectives.

7 • **REN TSB Achievement Treatment**

8 SoCalGas respectfully requests that the Commission clarify that TSB contributions
9 should include not only those realized within SoCalGas’s programs, but also any TSB achieved
10 through REN energy efficiency portfolios funded by SoCalGas ratepayers. Counting these
11 benefits toward the Commission assigned TSB targets reflects the value of ratepayer
12 investments, avoids artificial distinctions between administrator segments, and provides a
13 more accurate measure of portfolio performance. This clarification will reinforce accountability
14 while recognizing that all ratepayer-funded energy efficiency activities should be credited toward
15 meeting the established TSB goals.

16 **F. Describe how and the extent to which the PA’s procurement practices**
17 **both create and mitigate risk related to forecasting, expenditures,**
18 **program implementation, and regulatory compliance.**

19 SoCalGas’s procurement practices are deliberately structured to balance innovation with
20 accountability. Risks related to forecasting, expenditures, program implementation, and
21 regulatory compliance are both anticipated and mitigated.

22 First, SoCalGas mitigates expenditure and regulatory risk through the design of its third-
23 party contracts. These contracts incorporate pay for performance provisions, tying a significant
24 portion of compensation directly to verified energy savings and TSB rather than to total
25 compensation based on time and material activities. In meter-based programs, consistent with
26 Commission direction, at least 50 percent of compensation is contingent on a 12-month post
27 installation performance period. This provision establishes that projected savings are actually
28 realized; if they are not, compensation is reduced accordingly.

¹¹³ “Having energy efficiency goals and cost-effectiveness targets set on a cumulative basis for a four-
year portfolio period will facilitate orderly entry and exit of programs from the market and allows
flexibility for program administrators to maximize the effectiveness of their programs.” D.21-05-031
(FOF 14).

1 Second, contracts require implementers to adhere to key performance indicators (KPIs)
2 that are directly linked to forecasted program performance, expenditures,
3 and implementation milestones. Where performance falls short, corrective action plans are
4 triggered to restore compliance and protect ratepayer funds. This framework moves away from
5 traditional time and materials compensation toward a balanced model that ties payments to
6 measurable outcomes such as TSB, installed energy efficiency measures, and customer
7 participation. In doing so, SoCalGas shifts a portion of performance risk to the third-party
8 implementer thereby incentivizing verifiable project completion and high-quality installations
9 while reducing ratepayers' exposure to non-delivery.

10 Third, SoCalGas embeds regulatory compliance obligations directly into its
11 contracts. Implementers are required to comply with applicable laws, Commission directives,
12 and Commission adopted energy savings methodologies. SoCalGas contract managers
13 actively monitor program delivery to oversee adherence to these requirements and help to
14 mitigate compliance risk.

15 Finally, SoCalGas reduces execution risk at the outset through a Request for Proposal
16 (RFP) process. Prospective implementers are vetted for financial stability, technical capacity,
17 program design quality, marketing and outreach strategies, and their ability to forecast and
18 deliver performance at scale. Safety risks are addressed through adherence to SoCalGas's
19 Contractor Safety Manual and prequalification requirements, including maintaining an Injury
20 and Illness Prevention Program (IIPP) and complying with defined safety metrics. These
21 safeguards support the selection of qualified, reliable implementers, helping to minimize
22 operational risks before customer engagement begins.

23 Through this integrated procurement framework, SoCalGas balances risk between
24 ratepayers and program providers while maintaining oversight and accountability. The result is a
25 portfolio that is resilient, cost-effective, and aligned with Commission policy objectives.

26 • **Third-Party Programs**

27 **G. What is the responsibility of the IOU to the third-party**
28 **implementers? Describe your plan to support third party**
29 **performance, including the requirements prescribed by D.23-02-002.**

30 SoCalGas views its responsibility to third-party implementers not merely as an
31 administrator, but as a strategic partner dedicated to driving their success while safeguarding
32 ratepayer interests and compliance with Commission requirements. This role encompasses close

1 collaboration across administrative, technical, financial, and safety support designed to create the
2 conditions for mutual effective program delivery.

3 To support this partnership, SoCalGas manages the data pipeline, facilitating secure
4 access to customer usage data so that implementers can identify and target customers with high
5 propensity to participate. This shared intelligence is important to achieving measurable energy
6 savings and for deploying programs efficiently.

7 In addition, SoCalGas provides collaborative technical and engineering support,
8 including workpaper reviews and guidance on EM&V. These services aid proposed projects to
9 meet regulatory rigor, and that incentives are committed only to measures that satisfy
10 Commission standards.

11 Equally important is a shared commitment to safety. Consistent with SoCalGas's
12 Contractor Safety Manual, SoCalGas partners with implementers to review safety practices
13 and retains authority to issue "Stop the Job" orders if imminent unsafe conditions are
14 identified. Implementers are provided with clear safety guidelines and incident reporting
15 structures, reinforcing that safety is the highest priority during program delivery.

16 Alongside these responsibilities, SoCalGas maintains a financial obligation to pay
17 implementers promptly for verified program activities. Timely payment supports implementers
18 in sustaining operations and continuing to deliver energy efficiency programs without
19 interruption.

20 Finally, SoCalGas amplifies implementer efforts through marketing and outreach
21 services, leveraging customer service representatives and staff resources to expand program
22 reach and enable implementers to connect effectively with customers.

23 Through these combined responsibilities, data access, technical rigor, safety oversight,
24 financial reliability, and outreach support, SoCalGas fulfills its role as a PA that actively
25 collaborates with third-party implementers to succeed, while maintaining accountability to the
26 Commission and protecting ratepayer investments.

27 SoCalGas approaches the requirements of D.23-02-002 not merely as regulatory
28 obligations, but as the structural framework for a transparent and equitable partnership with
29 SoCalGas's third-party implementers. SoCalGas relies on its implementing partners as essential
30 allies in a shared mission to deliver energy savings, recognizing that their success is inextricably
31 linked to the ability to serve customers effectively. Consequently, SoCalGas seeks to cultivate a

1 collaborative program ecosystem where administrative processes are streamlined and contractual
2 barriers are minimized. This approach allows partners to dedicate their expertise and resources
3 to innovation and customer engagement.

4 • **Key compliance requirements that directly support this manner of**
5 **collaboration include:**

6 SoCalGas incorporates the Commission approved Standard Contract Terms and
7 Modifiable Terms into all third-party agreements.¹¹⁴ SoCalGas does not default to performance
8 assurance requirements and does not impose collateral or securities unless mutually negotiated
9 and justified by program specific risk.¹¹⁵ Solicitations have been streamlined by removing the
10 mandatory two stage process.¹¹⁶ SoCalGas’s energy efficiency third-party contracts now reflect
11 the TSB metric,¹¹⁷ if applicable, and Diverse Business Enterprise (DBE) definitions have been
12 updated to include businesses owned by persons with disabilities.¹¹⁸

13 SoCalGas also provides eligible third parties and RENs with disaggregated data within
14 ten days of meeting eligibility requirements.¹¹⁹ SoCalGas requires each implementer to
15 complete a current cybersecurity review, execute a nondisclosure agreement directly with
16 SoCalGas, and demonstrate the ability to securely receive data transmissions, including access
17 via application programming interfaces, where applicable.¹²⁰ SoCalGas also confirms that the
18 implementer holds a current program contract with a statement of
19 work necessitating confidential data.¹²¹ Before fulfilling implementers’ data requests, SoCalGas
20 consults with the implementer to define the specific fields, observations, and formats to arrange
21 efficient delivery.¹²² Where appropriate, SoCalGas also evaluates and enables alternative
22 pathways for secure data access, thereby meeting the Commission’s requirements while

¹¹⁴ D.23-02-002 at 78 (OP 1).

¹¹⁵ *Id.*, (OP 2).

¹¹⁶ *Id.*, at 79 (OP 7).

¹¹⁷ *Id.*, at 75 (COL 10).

¹¹⁸ *Id.*, at 79 (OP 6).

¹¹⁹ *Id.*, at 83 (OP 19).

¹²⁰ *Ibid.*

¹²¹ *Ibid.*

¹²² *Ibid.*

1 supporting program implementation and evaluation.¹²³ This timely and secure data sharing
2 enables implementers to target customers, validate savings, and deliver their programs in
3 alignment with Commission objectives.

4 By complying with each directive in D.23-02-002, SoCalGas demonstrates fulfilling
5 responsibilities to administer third-party programs professionally, transparently, and
6 accountably. SoCalGas practices aid implementers receive the support, data access, and
7 procedural safeguards necessary to deliver cost-effective energy savings and TSB, while
8 advancing the Commission’s objectives for a competitive, innovation-driven energy efficiency
9 marketplace.

10 **H. How is the risk of underperformance distributed between IOUs**
11 **and the third-party implementers?**

12 SoCalGas contracts with third-party implementers are designed to share the risk of
13 underperformance in a balanced manner that protects both ratepayers and implementers. Under
14 this framework, implementers assume responsibility for customer acquisition, program design,
15 and delivery of verified energy savings, while ratepayers remain exposed to some portfolio level
16 risk that persists if the Commission is to encourage innovation and new program approaches.
17 This balance reflects the Commission’s intent: implementers must be financially accountable for
18 their performance, but they must also be supported in taking reasonable risks to advance
19 innovative program designs.

20 To achieve this, SoCalGas has moved away from contracts based solely on time and
21 materials toward a hybrid compensation model. A portion of implementer compensation is tied
22 to pay for performance outcomes, with payments contingent on verified energy savings. At the
23 same time, contracts allow compensation from implementer efforts to ramp up programs, recruit
24 customers, and build delivery infrastructure. This structure provides the necessary support to
25 implementers for investing in program development, while ratepayers are protected from paying
26 for results that are not achieved.

27 The result is a more balanced compensation framework that distributes risk fairly
28 between ratepayers and implementers. Ratepayers benefit from stronger protections against non-
29 delivery, while implementers retain the opportunity to recover costs for program development

¹²³ *Ibid.*

1 and customer engagement. This approach motivates implementers to deliver high quality,
2 verifiable savings, while enabling innovation and establishing controls so that ratepayer funds
3 are reasonably safeguarded.

4 **1. In cases of third-party underperformance, how is it managed differently**
5 **from overall portfolio underperformance as detailed above?**

6 SoCalGas manages third-party underperformance through clear, enforceable contractual
7 mechanisms that protect ratepayer interests while providing implementers with a structured path
8 to remediation. When an implementer’s program consistently falls short of targets, SoCalGas
9 initiates a Standard Corrective Action Plan tailored to the specific deficiency. This
10 plan establishes detailed, tactical milestones, such as expanding marketing outreach, and requires
11 achievement within defined timeframes. If the implementer fails to cure the deficiency,
12 SoCalGas may terminate the agreement for cause under standard contract provisions, so that
13 ratepayer funds are not committed to programs that cannot deliver. This approach balances
14 accountability with opportunity, giving implementers a fair chance to recover performance while
15 safeguarding portfolio integrity and regulatory compliance.

16 **Solicitation Strategy:**

17 **I. Describe strategies for designing the scope and schedule of**
18 **solicitations that support both 4-year and 8-year plans.**

19 SoCalGas’s solicitation strategy is intentionally structured to support both the four-year
20 portfolio cycle and the broader eight-year strategic horizon by cultivating a diverse, innovative,
21 and sustainable market for energy efficiency services. The scope of solicitations is outcome
22 based rather than prescriptive, enabling bidders to propose creative delivery models that directly
23 address sector specific barriers while remaining aligned with Commission objectives.

24 To achieve this, SoCalGas employs a dual-track solicitation approach. General
25 solicitations are consolidated procurements for large market sectors such as residential and
26 commercial, designed to create durable contract opportunities, reduce administrative burden, and
27 maintain continuity of program delivery across the four-year cycle. In parallel, SoCalGas
28 operates IDEEA 365, a rolling solicitation pathway that allows new concepts and emerging
29 technologies to be piloted without waiting for the next program cycle solicitations. This ongoing
30 mechanism allows the portfolio to remain adaptive and responsive to market entrants and
31 technological advances throughout the eight-year horizon.

32 Together, these strategies balance stability with innovation: General solicitations provide

1 predictable, scalable opportunities that sustain performance over the portfolio cycle, while
2 IDEEA 365 provides continuous market access and fosters program evolution. This design
3 supports both near-term delivery and long-term transformation, advancing the
4 Commission’s objectives for a high performing, innovation driven energy efficiency portfolio.

5 • **Contract Lifecycle Management - Contract Renewal Trigger (8-Year Cycle)**

6 As part of its commitment to delivering impactful and equitable energy efficiency
7 programs, SoCalGas has established a set of strategic aims and operational procedures that guide
8 its approach to program solicitation and contract management.

9 At the heart of SoCalGas’s strategy is a focus on contract lifecycle management. As
10 contracts reach their expiration, SoCalGas either renews them based on performance or opens
11 them up for competitive bidding. To promote long-term contracts remaining competitive, cost-
12 effective, and aligned with evolving business needs, this strategy mandates a re-solicitation
13 process every eight years for eligible agreements. This provides the opportunity to retain
14 continually capable and cost-effective partners, while also fostering innovation
15 and maintaining alignment with regulatory expectations.

16 The contract renewal trigger establishes a mandatory eight-year review cycle designed to
17 ensure that long-term contractual commitments remain competitive, cost-effective, and aligned
18 with the EE Program’s evolving operational and strategic priorities. Under this policy, any
19 agreement meeting the defined criteria, including those exceeding established thresholds or
20 lacking an automatic renewal provision, must undergo a formal re-solicitation at least once every
21 eight years. This requirement reinforces marketplace competitiveness, supports continued
22 innovation, upholds procurement best practices, mitigates the risk of vendor lock-in, and
23 maintains compliance with regulatory and organizational standards.

24 The renewal trigger functions through a time-based activation mechanism that initiates
25 re-solicitation planning at the 6.75-year mark. This advance window enables comprehensive
26 market research, internal stakeholder consultation, and the timely development of solicitation
27 materials. Although the trigger applies broadly to qualifying contracts, exceptions may be
28 considered under limited circumstances, including demonstrably superior vendor performance,
29 operational continuity requirements, or regulatory constraints. All exception requests must be
30 reviewed and approved at the executive level.

31 The re-solicitation process begins with a systematic review of the contract inventory to

1 identify agreements approaching the eight-year threshold. This is followed by an updated needs
2 assessment to confirm current business requirements, service expectations, and performance
3 standards. Subsequent market analysis identifies prospective vendors and emerging capabilities
4 that may inform the future structure of the agreement. Throughout this process, internal
5 stakeholders collaborate to refine the scope of work, validate operational requirements, and
6 establish objective evaluation criteria. Upon completion of these preparatory steps, the
7 organization proceeds with the formal solicitation phase, issuing the Request for Proposal (RFP),
8 confirming timelines, and applying defined evaluation methodologies. Where a vendor transition
9 is required, a structured transition plan is implemented to ensure continuity of services and
10 safeguard operational stability.

11 Oversight of this framework is administered by the energy efficiency program solicitation
12 team, which is responsible for monitoring compliance with the renewal cycle, maintaining
13 process transparency, and coordinating escalation procedures related to delays or exception
14 requests. Collectively, this structured approach enhances accountability, supports continuous
15 vendor performance improvement, and promotes strategic flexibility and cost efficiency
16 throughout the contract lifecycle.

17 **b. Discuss planned improvements to solicitation practices based**
18 **on Procurement Review Group (PRG) and Independent**
19 **Evaluator (IE) input, including IE Semi-Annual Reports, etc.**
20 **Include recommendations for policy changes needed to support**
21 **improvements.**

22 SoCalGas continuously strengthens its solicitation practices by incorporating feedback
23 from the PRG, IEs, and other stakeholders. Recent improvements demonstrate SoCalGas's
24 commitment to fairness, transparency, and efficiency. For example, SoCalGas now engages the
25 PRG earlier in the solicitation design phase, embedding transparency into the scoring criteria
26 from the outset. Another example, the RFP evaluation process has been streamlined to reduce
27 the time from bid to contract, directly addressing a common concern identified in IE reports. In
28 addition, SoCalGas provides more detailed debriefs to unsuccessful bidders, giving them the
29 tools to improve future proposals. This approach not only elevates the quality of future bids but
30 also broadens and strengthens the pool of potential implementers and administers a competitive
31 and innovative marketplace that advances the Commission's energy efficiency objectives.

1 **c. Discuss plans to seek stakeholder input on solicitation**
2 **practices.**

3 SoCalGas is committed to solicitation practices that are open, transparent, and informed
4 by stakeholder engagement. SoCalGas actively seeks input through the CAEECC and other
5 public forums, creating opportunities for stakeholders to shape the design of solicitations. The
6 plan includes conducting pre-solicitation workshops to gather industry feedback on draft scopes
7 and requirements, to keep solicitations aligned with market capabilities and be responsive to
8 implementer perspectives. In addition, SoCalGas administers post solicitation surveys to bidders
9 to capture user experience data. This feedback is systematically reviewed and incorporated into
10 process improvements, making solicitations more accessible, equitable, and attractive to a broad
11 range of partners. Through these mechanisms, SoCalGas embeds stakeholder perspectives
12 throughout the solicitation cycle.

13 **d. Discuss the strategy for engaging a diverse range of businesses**
14 **in solicitations, with a focus on new, small, and/or DBE firms,**
15 **as well as businesses and organizations from markets that have**
16 **historically been underrepresented in EE programs.**

17 SoCalGas actively pursues a wide and inclusive implementer base by structuring
18 solicitations to lower barriers to entry for new, small, and diverse firms. This includes
19 conducting targeted outreach to SBE networks and providing technical assistance workshops to
20 help navigate the utility contracting process. Per standard solicitation requirements, SoCalGas
21 encourages the participation of diverse suppliers by requiring prime bidders to articulate how
22 they will utilize SBE and diverse subcontractors and adhere to specific reporting
23 schedules. SoCalGas mandates the submission of a Subcontracting Plan and utilizes a Supplier
24 Diversity and Sustainability Questionnaire in support of diversity.

25 **1. Provide timeline with the third-party solicitation schedule from 2028 to**
26 **2035. Use the solicitation schedule posted to CAEECC for reference.**

27 SoCalGas develops and posts its comprehensive third-party energy efficiency program
28 solicitation schedule on the CAEECC, as required by Commission direction. This schedule
29 details the planned launch dates for all upcoming third-party program opportunities across the
30 current 2024-2027 program cycle. SoCalGas updates the schedule quarterly and will continue to
31 do so for the upcoming 2028-2031 program cycle to provide transparency and the third-party
32 provider community with the information necessary to plan their participation in solicitations.

1 Continuous updates to the solicitation schedule throughout the program cycle reflect
 2 SoCalGas’s commitment to maintaining a predictable and accessible procurement process, while
 3 recognizing that adjustments may be necessary. By maintaining and updating this schedule,
 4 SoCalGas provides third-party implementers visibility into upcoming opportunities, supporting
 5 both market stability and innovation throughout the eight-year planning horizon.

6 Figure 5.1 below presents SoCalGas’s planned third-party energy efficiency program
 7 solicitations in support of the 2028-2031 program cycle. Specific launch timeframes and
 8 solicitations may change based on current program performance, evolving policy requirements,
 9 and the Commission’s approval of SoCalGas’s Application.

10

Figure 5.1 - SoCalGas Energy Efficiency Third Party Program Solicitations (2028-2035)		
Calendar Year	Program Solicitations	IDEEA 365 Solicitations
2027	Small/Medium Commercial Program Community Language Efficiency Outreach Program Single Family Direct Install Program Retail Channel Support Program Agricultural Energy Efficiency Program	Continuous
2028	Mobile Home Direct Install Program Multifamily Direct Install Program Public Direct Install Program Residential Behavioral	Continuous
2029	Non-Residential Energy Advisor Program Marketplace Program Multifamily Whole Building Program	Continuous
2030	Large Public Program Industrial Energy Efficiency Program	Continuous
2031	SEM Program	Continuous
2032	Market Access Program	Continuous
2033	Large Commercial Program	Continuous
2034	TBD	Continuous

Figure 5.1 - SoCalGas Energy Efficiency Third Party Program Solicitations (2028-2035)		
Calendar Year	Program Solicitations	IDEEA 365 Solicitations
2035	TBD	Continuous

J. Statewide Programs (IOU and BayREN)

- 1. Each lead PA: provide a summary of the current portfolio of statewide programs, including how the program incorporates results and recommendations from evaluation studies. Reference the studies and relevant recommendations, as applicable.**

SoCalGas actively participates in the statewide program administration framework, collaborating closely with other PAs to drive consistency, cost-efficiency, and market transformation across California. SoCalGas proposes to continue to serve as the lead PA for the Statewide GET, Statewide Point of Sale Food Service, and Statewide Midstream Commercial Water Heating programs. Due to its experience partnering with other utilities, SoCalGas is well positioned to continue as the lead for administering dual-fuel statewide programs, leveraging this unique capability to deliver seamless, fuel-neutral solutions that maximize ratepayer value across both gas and electric service territories.

The Statewide GET program plays an important role advancing California’s energy efficiency portfolio by identifying behind the meter technologies and validating their performance prior to broader deployment. As the lead PA, SoCalGas actively implements recommendations from recent process evaluations by streamlining the technology intake process, shortening review timelines, and accelerating the integration of new energy efficiency technologies into the portfolio. SoCalGas has enhanced its project review process through weekly coordination meetings with the third-party implementer, enabling earlier review and selection of potential projects and providing SoCalGas greater input during the formative stages of project development. SoCalGas continues to broaden the review process to include internal engineering teams, strengthening technical rigor, and improving the transition of promising innovations from concept to implementation. These efforts collectively increase program responsiveness, expand customer benefits, and further support the Commission’s long-term objectives for cost-effective energy savings and market transformation.

The Statewide Midstream Commercial Water Heating program consistently delivers steady, cost-effective natural gas and electric savings across multiple program cycles,

1 consistently advancing high-efficiency commercial water heating technologies through
2 coordinated upstream and midstream strategies. The program maintains strong market
3 engagement, expands access to small businesses and disadvantaged communities, and adapts to
4 evolving Commission requirements, including the transition to the TSB metric. The
5 program maintains a fuel-neutral delivery model by consolidating incentives for high-efficiency
6 natural gas equipment and electric heat pump water heaters into a
7 single distributor's workflow. This unified channel allows market actors to stock and sell the
8 most appropriate technology for each customer's needs—whether gas or electric—thereby
9 accelerating the adoption of decarbonization technologies across all IOU service territories.

10 The Statewide Point-of-Sale (POS) Food Service program has consistently delivered
11 cost-effective natural gas savings by accelerating the purchase of high-efficiency commercial
12 foodservice equipment at the moment of sale. Through strong partnerships with manufacturers,
13 distributors, and dealers, the program has shifted stocking and sales practices toward efficient
14 fryers, ovens, steamers, and griddles, expanding access for small businesses and disadvantaged
15 communities while maintaining statewide consistency in incentives and delivery. Like
16 the Statewide Midstream Commercial Water Heating program, the Statewide POS Food Service
17 program takes a fuel-neutral approach to support diverse customer needs. This is achieved by
18 integrating incentives for high-efficiency electric measures—including electric fryers,
19 combination ovens, steam cookers, ice machines, and hot food holding cabinets—into the same
20 dealer workflow as natural gas equipment. This unified approach empowers dealers to offer the
21 best energy-efficient solution for any kitchen configuration, whether gas or electric, thereby
22 supporting the state's decarbonization goals through equitable access to energy-saving
23 technologies.

24 For each of these statewide programs, SoCalGas administers them with discipline, adapts
25 smoothly to evolving Commission requirements, and produced reliable, verifiable savings—
26 demonstrating that the Commission can confidently rely on SoCalGas to continue delivering
27 these programs effectively and in the interest of ratepayers across California. SoCalGas's
28 sustained record of successful administration and measurable savings demonstrates that the
29 Commission can rely on SoCalGas to continue delivering these programs effectively as the
30 Program Lead and in a manner that provides clear value to ratepayers and participating
31 customers.

1 e. **Describe how future statewide programs will support**
2 **the objectives of both 4-year and 8-year plans.**

3 Future SoCalGas statewide programs will continue to advance energy efficiency by
4 providing customers with a consistent framework across all IOU service territories. This
5 framework includes standardized incentive levels and uniform program rules so that customers
6 experience the same offerings across the state. When run effectively, statewide programs
7 aggregate demand and standardize incentives at scale, driving adoption of high efficiency
8 technologies and supporting structural market transformation. This balance directly advances
9 both portfolio reliability and affordability goals by reducing systemwide energy demand while
10 positioning California’s energy efficiency market for sustained innovation and growth.

11 **2. Identify and provide supporting rationale for any proposed changes to**
12 **the PA statewide funding allocation and proposed changes to any**
13 **statewide program funding levels. (Reference Tab 6 for Statewide**
14 **Programs in the Business Plan Workbook.)**

15 SoCalGas proposes maintaining the statewide funding allocation
16 percentages established in the prior cycle, recognizing that these allocations have provided
17 stability and predictability for program delivery. SoCalGas has increased the funding level of
18 each of its Statewide lead programs. SoCalGas has increased the funding level of each of its
19 Statewide lead programs. The Gas Emerging Technologies program budget increases \$0.75
20 annually or 25 percent, while the Food Service program budget increases \$1 million annually or
21 6 percent. The Statewide Midstream water heating program, which has demonstrated high TRC
22 and TSB performance, received a larger increase of \$6 million annually or 40 percent, in line
23 with recent expenditures and current forecasts.

24 At the same time, SoCalGas’s request acknowledges changes proposed by other Portfolio
25 Administrators that affect specific statewide programs. Southern California Edison (SCE) has
26 elected not to continue the Statewide Plug Load and Appliance (PLA) program and the Statewide
27 Water Wise program, and Pacific Gas and Electric (PG&E) has proposed defunding natural gas
28 energy efficiency activities within the Statewide HVAC program and transitioning away from a
29 mixed fuel to an all-electric approach in the Nonresidential New Construction program.

30 As detailed in SoCalGas’s protests filed on November 24, 2025, this was not consistent
31 with the established Statewide Guiding Principles for program leads—specifically the
32 commitments to “collaborate” and “do no harm”—by pursuing changes to exclude gas customers

1 across California from participation.^{124, 125} Furthermore, these exclusions artificially depress
2 SoCalGas’s statewide funding contribution.

3 To protect ratepayer investments and service continuity, SoCalGas requests to reintegrate
4 the stranded gas measures from the discontinued Statewide PLA and Water Wise programs
5 directly into local residential and commercial program designs (as detailed in Chapter 3). This
6 recapture strategy is necessary to avoid the elimination of energy efficiency opportunities for
7 these specific technologies that remain eligible for inclusion in efficiency programs.

8 Ultimately, this fragmentation underscores a fundamental barrier in the current portfolio:
9 Administering Statewide programs as single-fuel initiatives create structural impediments to
10 permissible participation across all four IOU service territories. A program cannot be
11 truly “Statewide” if it systematically excludes the customers of one or more investor-owned
12 utilities based on fuel type. To resolve this, SoCalGas advocates for the application of the
13 Statewide Program Portfolio Assessment Process mandated in D.23-06-055.¹²⁶ This assessment
14 must prioritize fuel-neutral designs that allow for equitable participation, so that the statewide
15 portfolio enhances, rather than fractures, the customer experience.

16 **3. Identify and provide rationale for any proposed changes in the**
17 **designated lead PA for the statewide administration of programs.**

18 SoCalGas does not propose any changes to its existing designated Lead PA roles and
19 requests the Commission approve continuing to lead its assigned statewide programs, including
20 the Statewide Gas Emerging Technologies program, the Statewide Midstream Commercial
21 Water Heating program, and the Statewide POS Food Service program. These
22 programs remain central to the delivery strategy of the collective IOUs and will be administered
23 with continuity, discipline, and accountability to support reliable delivery of cost-effective
24 energy savings.

25 Additionally, there is currently a transition of the Statewide HVAC Quality Installation
26 Quality Maintenance (QIQM) Program from San Diego Gas & Electric (SDG&E) to another

¹²⁴ SoCalGas Protest to Pacific Gas and Electric Company’s November 4, 2025, mid-cycle Tier 2 AL 5141-G/7752-E (November 24, 2025) at 4.

¹²⁵ SoCalGas Protest to Southern California Edison’s November 4, 2025, midcycle Tier 2 AL 5670-E (November 24, 2025) at 4.

¹²⁶ D.23-06-055 at 119-120 (OP 2).

1 program lead. SoCalGas has expressed interest and submitted the requested documentation to
2 SDG&E for consideration to become the new program lead. While SDG&E has announced its
3 intent to transition the program, they have not announced their decision on the new program
4 administrator at the time of this filing.

5 At the same time, SoCalGas recognizes changes occurring across the broader state
6 landscape. As discussed above, SCE has elected to close the Statewide PLA program and will
7 not pursue a replacement. SCE is also closing the Statewide Water WISE program, which SCE
8 will not renew. In addition, BayREN’s Statewide Home Energy Score (HESC) program, which
9 was approved in 2023 and funded as a regional REN program, is completing its transition to
10 statewide administration. SoCalGas acknowledges these changes, which may result in
11 adjustments to the Program Lead's responsibilities for other PAs.

12 **f. If applicable, describe coordination needs or conflicts where**
13 **statewide midstream programs may overlap with statewide or**
14 **locally administered downstream programs, and propose a**
15 **process to clarify program precedence or coordination**
16 **responsibilities across PAs.**

17 SoCalGas maintains coordination protocols with statewide program administrators for
18 clarity in the marketplace and prevent channel conflicts. When a local downstream program
19 targets the same equipment class as a statewide midstream offering, precedence guidelines
20 are established through the JCM among PAs. These JCMs prioritize the midstream incentive to
21 maximize market lift, while directing downstream programs to serve distinct customer segments
22 or complementary measures. This approach mitigates the risk of double dipping, provides clear
23 and consistent market signals, and reinforces confidence among distributors and customers that
24 statewide and local programs operate in alignment to deliver cost-effective energy savings.

25 **Statewide Assessment**

26 **4. Based on D.23-06-055 (COL 7), PAs propose your assessment process for**
27 **statewide programs.**

28 The Commission, in D.23-06-055, directed the PAs to coordinate among themselves and
29 propose a statewide program portfolio assessment process to review and recommend changes to
30 the statewide program portfolio.¹²⁷ The PAs formed a working group, which proposed
31 establishing a uniform, PA-developed framework (Proposal) for assessing statewide energy

¹²⁷ *Id.*

1 efficiency programs. IOUs initially drafted the framework, which was subsequently refined
2 through an all-PA process. While PAs provided substantive feedback, they were unable to reach
3 agreement on several key items, including the requirement for dual-fuel measures and natural gas
4 offerings.

5 On November 24, 2025, SoCalGas filed a protest raising concerns about statewide leads
6 not following the guiding principles for administrators to effectuate make fundamental changes
7 ended SoCalGas's ability to fund those programs or allow its customers to participate in
8 them.²¹ In response, PG&E indicated that the protesting MCAL may not have been the
9 appropriate procedural avenue to address the issue. The matter remains unresolved, and a
10 decision on the protest is still pending.

11 Two considerations underscore the concerns raised by SoCalGas.

12 First, SoCalGas explained to the IOU PAs that removing natural gas measures from the
13 Statewide HVAC program would effectively exclude gas customers from participating in
14 statewide programs, undermining the core premise of a statewide design and failing to align with
15 Commission intent. When a lead PA fundamentally alters program design in a manner that
16 prevents an entire class of customers from energy efficiency solutions, the program no longer
17 functions on a statewide basis.

18 Second, SoCalGas emphasized that natural gas efficiency measures remain essential to
19 cost-effectiveness and customer affordability. Gas efficiency measures have historically
20 delivered strong, cost-effective savings, helping customers manage energy bills while supporting
21 portfolio performance. This concern has already surfaced in program outcomes. For example,
22 Southern California Edison withdrew from the Statewide Plug Load & Appliance (PLA)
23 program after redefining its scope, that scope removed cost-effective gas-efficiency measures
24 resulting in an inability to develop a broadly cost-effective midstream program.

25 These continued developments demonstrate the importance of maintaining a diverse
26 portfolio of measures, including natural gas options that support cost-effective delivery and
27 preserve affordable pathways for customers.

28 To remain compliant with Commission directives, the lead PA must administer statewide
29 programs using all ratepayer funds the Commission has directed IOUs to contribute, ensuring
30 that every customer group retains access to statewide offerings. The lead PA cannot administer
31 by fiat; it must follow Commission direction and cannot foreclose participation by an entire

1 segment of IOU customers, regardless of the program design or services preferences of the lead
2 PA. The lead PA also should not have unilateral authority to discontinue a statewide program
3 without seeking consensus among participating PAs or Commission approval. If such a change
4 occurs, other IOUs should retain the ability to offer the affected measures locally
5 to maintain customer access and program continuity, preserving both equity and program
6 integrity. To support orderly transitions from statewide to regional or local delivery, the
7 Commission should allow these offerings to continue through midstream and upstream
8 channels, ensuring continuity across market actors and customer segments.

9 The challenges encountered during the transition of Statewide PLA and Statewide HVAC
10 programs and during the development of the statewide assessment process highlight the
11 importance of establishing clearer, more structured statewide program governance. A more
12 formalized framework, could help PAs resolve disagreements and develop program designs that
13 reflect the participation of all PAs and remain true to the statewide guiding principles.

14 For these reasons, SoCalGas respectfully requests that the Commission, in addition to
15 addressing the matters raised in SoCalGas's protest from November 24, 2025 in the appropriate
16 regulatory setting:

- 17 • Make amendments to its statewide program requirements to the lead portfolio
18 administrators, clarifying it is not permitted to unilaterally close or remove other
19 portfolio administrators.
- 20 • Make amendments to its statewide program protocols, no longer specifically
21 requiring 3 PAs to elevate objections to program changes made by the statewide
22 lead, and rather if the lead is unable to reach a consensus any PA may raise an
23 objection.

24 In the event the statewide lead alters or closes a program or removes measures, changing
25 the past direction and now allowing such measures to be offered on a local or regional basis
26 through mid- or upstream programs.

27 The working group's Statewide Energy Efficiency Program Assessment Criteria is
28 included in Attachment B of Exhibit 1. Below is a summary of the document.

29

1 **DIRECT TESTIMONY OF DARREN M. HANWAY**

2 **VIII. CHAPTER 6: SEGMENTATION AND SECTOR STRATEGY**

3 **A. Portfolio Sector Strategy**

- 4 **1. For each sector (e.g., residential, commercial, industrial, agricultural,**
5 **public, and cross-cutting, etc.), provide:**
- 6 **2. A brief narrative (1-2 paragraphs) describing the high-level strategy,**
7 **including key target populations and end-uses (e.g., in residential: single**
8 **family, multifamily, farmworker housing).**

9 SoCalGas’s sector strategies are designed to deliver disciplined, cost-effective energy
10 efficiency while meeting the Commission’s expectations for affordability, decarbonization, and
11 reliability. The portfolio reflects a clear response to the direction set in Rulemaking
12 (R.)25-04-010 and incorporates strengthened oversight consistent with the 2023 State Auditor’s
13 recommendations to the Commission.¹²⁸ This structure enables each portfolio sector to advance
14 measurable savings, supports statewide climate goals, and maintains a consistent,
15 customer-centered experience.

16 To meet these objectives, SoCalGas is aligning its portfolio design with the
17 Commission’s evolving expectations by consolidating offerings where efficiencies can be
18 realized. This approach reduces administrative complexity, improves transparency, and creates a
19 more streamlined delivery system for customers and implementers. The strategies that follow
20 demonstrate SoCalGas’s readiness to deliver a high-performing, accountable portfolio that
21 advances California’s clean energy goals and provides meaningful value to ratepayers across
22 every sector.

23 **Residential Sector**

24 SoCalGas serves the largest and most climatically diverse residential gas market in the
25 state, making adaptable, cost-effective energy efficiency a key strategy for reducing customer
26 energy burdens and supporting the Commission’s long term TSB goals.¹²⁹ SoCalGas has
27 designed a program portfolio to reach all major residential customer segments, supporting
28 households’ access to practical, affordable pathways to reduce consumption. The strategy builds

¹²⁸ The California Public Utilities Commission, 2023-127 (March 18, 2025) at 2, *available at*:
<https://www.auditor.ca.gov/reports/2023-127/>.

¹²⁹ D.25-08-012 Table 7-8 at 22-23 adopts Energy Efficiency Goals for SoCalGas through 2037.

1 on existing strengths while moving toward a more streamlined, customer-centered structure.
2 SoCalGas proposes consolidating similar offerings across the Resource Acquisition, Equity, and
3 Market Support segments to simplify participation, improve affordability, and provide customers
4 with a single, comprehensive point of engagement. SoCalGas will look to expand partnerships
5 with POUs and water agencies to further increase reach among equity-defined customers and
6 reduce administrative costs. The portfolio will also incorporate customer and contractor
7 education on proper refrigerant management and safe use of low-GWP refrigerants where
8 permitted,¹³⁰ reinforcing responsible practices as the market evolves.

9 Key residential end-uses include water heating, space heating, and other home
10 appliances, with targeted outreach to households with the highest savings potential and those
11 historically underserved. This dual focus keeps energy efficiency accessible, equitable, and
12 aligned with Commission objectives.

13 **Commercial Sector**

14 SoCalGas's commercial strategy positions energy efficiency as a practical, cost-effective
15 tool that supports affordability, reliability, and decarbonization across a diverse set of business
16 customers. Commercial facilities ranging from foodservice and hospitality to healthcare,
17 laboratories, retail, and mixed-use buildings face rising energy costs and evolving operational
18 pressures. The portfolio prioritizes high-efficiency gas end-uses, such as water heating, cooking
19 equipment, and process loads, delivering immediate bill savings while supporting long-term
20 system needs.

21 Building on its leadership in the Statewide Midstream Commercial Water Heating and
22 the Statewide Food Service Point of Sale programs, SoCalGas will streamline overlapping
23 offerings to reduce administrative costs and improve customer experience. The strategy
24 incorporates meter-based savings, direct installations, and pilots of advanced technologies. If the
25 Commission approves SoCalGas's complementary proposals, such as methane leak detection
26 and mitigation, proper refrigerant management and recovery, it could help sustain emissions
27 reductions.

¹³⁰ As of January 1, 2026, California has adopted the 2025 California Mechanical Code, which incorporates the updated A2L refrigerant safety provisions statewide. Local AHJs are now transitioning to the new code, though many continue to apply conservative interpretations during the early implementation period.

1 The commercial portfolio is designed to expand equity participation, strengthen
2 affordability, and support California’s broader decarbonization goals. SoCalGas will also
3 continue partnering with POU’s and water agencies to enhance program reach and co-deliver
4 solutions where feasible.

5 **Industrial Sector**

6 SoCalGas’s industrial strategy serves one of the largest and most energy-intensive
7 customer bases in California, anchored by the ports of Los Angeles and Long Beach and
8 supported by a diverse mix of manufacturing, processing, and logistics operations. Industrial
9 customers consume more than one-third of all program-eligible natural gas, with a small number
10 of very large users driving the majority of the load. These facilities rely on natural gas for core
11 production processes, high-temperature systems, and continuous operations, creating significant
12 opportunities for cost-effective savings through equipment upgrades, operational improvements,
13 and practice-based interventions. The strategy focuses on delivering reliable, scalable solutions
14 that strengthen affordability, support decarbonization, and maintain the competitiveness of
15 California’s industrial economy.

16 Industrial market conditions are shaped by economic cycles, equipment efficiency code
17 updates, emissions standards, state legislation such as AB 32, and transportation and logistics
18 pressures tied to port activity and e-commerce growth, among other factors. Many facilities face
19 persistent barriers, including capital constraints, complex permitting, and production-risk
20 concerns that limit the adoption of energy-efficient technologies. To address these challenges,
21 SoCalGas will expand access to Strategic Energy Management, support behavior-based
22 interventions that drive lasting operational changes, and participate in Industrial Cluster
23 initiatives focused on emissions-reduction pathways. These efforts create a coordinated,
24 sector-specific approach that improves systemic efficiency and supports California’s long-term
25 decarbonization goals.

26 The industrial strategy focuses on high-impact customer groups, including refineries,
27 food and beverage processors, metals and minerals producers, plastics and textiles facilities, and
28 other energy-intensive manufacturers that rely on natural gas for core production. These
29 operations depend on end-uses such as boilers, process heating, steam systems, and other
30 high-temperature loads where efficiency delivers the greatest value. By focusing on these
31 customers and end-uses, the portfolio directs resources where they have the greatest impact,

1 improving affordability, reducing emissions, and supporting the long-term competitiveness of
2 California’s industrial sector.

3 **Agricultural Sector**

4 The agricultural customers across SoCalGas’s service territory are served through the
5 energy efficiency portfolio, with targeted strategies calibrated to the diverse needs of California’s
6 farms, dairies, nurseries, and food-processing operations. The agricultural sector includes
7 thousands of small and mid-sized farms, many located in rural or DACs, many leased, and many
8 operating with limited capital, thin margins, and language or broadband barriers that may limit
9 access to traditional programs. The SoCalREN Agricultural Study identifies between 2,300 and
10 5,500 rural and HTR or DAC farms in the region, with an additional 6,000 small farms that could
11 benefit from expanded eligibility.¹³¹ By focusing on these high-impact end-uses and the specific
12 participation barriers documented in the study, financial constraints, land-tenure uncertainty,
13 limited English proficiency, and inconsistent internet access, SoCalGas supports agricultural
14 customers, including rural-HTR operations, in receiving meaningful opportunities to reduce
15 energy use and monthly energy bills.

16 To maximize value and overcome long-standing participation barriers, SoCalGas will
17 pair resource acquisition strategies with targeted innovations that directly address the needs of
18 agricultural customers. SoCalGas will incorporate multilingual outreach, partnerships with
19 trusted agricultural organizations, simplified enrollment pathways for customers without reliable
20 internet access, and program designs that reflect the operational realities of small and leased
21 farms.

22 If approved, agricultural programs will aim to integrate behind-the-meter solutions, such
23 as methane leak detection, awareness of low-GWP refrigerant management for cold-storage
24 facilities, and carbon-capture technologies for small agricultural processors. These approaches
25 complement statewide clean-fuel and water-energy nexus initiatives and align with SoCalGas’s
26 support for reducing emissions across. By combining targeted outreach, barrier-specific program
27 design, and high-value efficiency measures, SoCalGas will remain well-positioned to deliver
28 cost-effective, customer-centric solutions that enhance affordability, reduce emissions, and

¹³¹ Grounded Research and Consulting and ILLUME Advising, LLC, *Final Agricultural Study*, Study ID: SCR0003, prepared for SoCalREN (October 10, 2023) at 1, available at: https://www.calmac.org/%5C/publications/SoCalREN_Agricultural_Study_Final.pdf

1 support the long-term sustainability of California’s agricultural economy.

2 The agricultural strategy focuses on high-impact customer groups, including dairy and
3 livestock operations, crop and food processors, greenhouses, nurseries, and irrigation-intensive
4 farms, each defined by energy-intensive processes and long operating cycles. These operations
5 rely heavily on core gas end-uses such as water heating, process heating, crop drying,
6 greenhouse and indoor-agriculture heating, and booster or well-pump loads.

7 **Public Sector**

8 The public sector customers across SoCalGas’s service territory are served through an
9 energy efficiency portfolio designed to meet the distinct needs of cities, counties, school districts,
10 and special districts that operate essential community infrastructure. These agencies rely heavily
11 on natural gas for space and water heating, central plant operations, cooking, and process loads at
12 facilities such as K–12 campuses, wastewater treatment plants, emergency services buildings,
13 and public safety facilities. Public agencies face unique financial and procedural constraints,
14 including strict procurement rules, heightened scrutiny of taxpayer-funded spending, limited
15 discretionary budgets, and a strong preference for predictable, low-risk investments.¹³² Agencies
16 evaluate projects using simple payback, return on investment (ROI), and lifecycle cost
17 thresholds, and many rely on rebates or financing to meet internal approval criteria. School
18 districts and municipal governments, in particular, demonstrate sensitivity to upfront capital
19 requirements and the timing of incentive payments, whereas special districts often prioritize
20 long-term cost stability and off-balance-sheet financing options.¹³³

21 Informed by the Public Sector Market Characterization Financing Study’s
22 recommendations, SoCalGas’s public sector strategy emphasizes a balanced approach that
23 integrates rebates, financing, and technical assistance to overcome the financial and
24 administrative barriers that often delay or prevent project implementation.¹³⁴ Public customers
25 require flexible offerings that align with their budget cycles, debt aversion levels, and

¹³² The Energy Coalition, *Public Sector Market Characterization Financing Study – Final Report*, prepared for SoCalREN (January 28, 2021) at 33, available at: https://pda.energydataweb.com/api/view/2468/SoCalREN%20Public%20Sector%20Market%20Characterization%20Financing%20Study%20Report_FINAL.pdf

¹³³ *Id.*, at 14.

¹³⁴ *Id.*, at 33.

1 procurement requirements. In response, SoCalGas will expand access to financing options that
2 complement rebates, explore off-balance-sheet mechanisms where feasible, and streamline
3 project support services to reduce administrative burdens. The strategy also incorporates meter-
4 based savings methodologies, direct install, deemed incentives, and targeted innovation
5 demonstrations, such as methane leak detection and low-GWP refrigerant management
6 awareness demonstrations. By combining high-value resource acquisition measures with
7 tailored financial solutions and strong interagency coordination, SoCalGas will be positioned to
8 deliver reliable, affordable, and decarbonization-aligned services that strengthen public sector
9 operations and support California’s long-term clean energy and equity objectives.

10 **Cross-Cutting Sectors**

11 **Workforce Education & Training**

12 SoCalGas’s WE&T strategy delivers consistent, high-quality training and technical
13 upskilling across its service territory, from dense urban centers to rural communities. These
14 efforts are designed to build a capable, culturally competent workforce that directly influences
15 the quality, safety, and persistence of energy savings from core end-uses such as HVAC and
16 water-heating systems, building envelope improvements, refrigerant management, and methane
17 leak detection. The strategy recognizes that technician skill, diagnostic accuracy, and
18 customer-facing competence are essential to achieving durable, cost-effective energy efficiency
19 outcomes.

20 To strengthen WE&T delivery, SoCalGas plans to expand hands-on, scenario-based
21 instruction, improve virtual learning design, and increase opportunities for in-field practice,
22 which have been shown to improve installation quality and customer satisfaction. The strategy
23 incorporates multilingual training where needed, adult-learning-aligned curricula, and
24 partnerships with community colleges, workforce boards, and community-based organizations to
25 promote equitable access to clean-energy career pathways. By offering WE&T programs
26 throughout its service territory and collaborating with POUs and water agencies where feasible,
27 SoCalGas supports the development of a regionally distributed workforce capable of delivering
28 high-quality installations, reducing callbacks, and accelerating the adoption of energy efficiency
29 measures across all customer sectors.

30 The WE&T strategy focuses on contractors and trade professionals, public-sector facility
31 operators, and workers and job seekers in disadvantaged or hard-to-reach communities who face

1 persistent barriers to entering the clean-energy workforce. These groups support core gas
2 end-uses, including HVAC, water-heating systems, boilers, turbines, and commercial cooking
3 equipment, where technician skill and field performance strongly influence installation quality,
4 safety, and long-term savings. By concentrating on these populations and these end-uses, the
5 portfolio strengthens workforce capability, improves customer outcomes, and advances
6 California’s broader decarbonization and equity goals.

7 **Finance**

8 SoCalGas’s Finance Sector strategy provides customers across all sectors with accessible
9 capital pathways that reduce first-cost barriers and accelerate the adoption of deeper, more
10 comprehensive energy efficiency upgrades. The strategy is designed to directly lower
11 customers’ monthly energy bills through flexible financing tools such as OBF, off-bill repayment
12 options, GoGreen Financing, micro-loans, equipment leasing, and tiered incentives that prompt
13 installation of the most efficient technologies. These offerings also support public sector
14 customers, who face procurement constraints and budget volatility, by aligning financing
15 solutions with their capital planning cycles and reducing administrative burden.

16 The Finance Sector plays a critical role in advancing equity and decarbonization by
17 prioritizing access to financing for disadvantaged communities, hard-to-reach customers, and
18 small businesses with limited borrowing capacity. SoCalGas plans to expand its successful
19 micro-loan model, integrate financing with federal and state incentives, and streamline
20 enrollment through digital applications and multilingual support. The strategy also includes
21 policy refinements, such as modernizing OBF rules to allow pre-funding at contract execution,
22 extending repayment terms, and enabling financing for clean-fuel technologies to unlock deeper
23 savings and support California’s long-term decarbonization pathway. Through these efforts, the
24 Finance Sector helps customers across the service territory adopt energy saving technologies
25 without prohibitive upfront costs, strengthening affordability, expanding participation, and
26 delivering TSB.

27 The Finance Sector also focuses on non-residential customers, including commercial,
28 industrial, agricultural, and public sector facilities that operate large, energy-intensive buildings
29 and face persistent capital and procurement constraints. These customers rely on high-value
30 end-uses such as water heating, space heating, process loads, and building-envelope
31 improvements, where financing can be the key to unlocking potential for projects with

1 long-lived, cost-effective savings.

2 **Codes & Standards**

3 As previously discussed, SoCalGas cannot actively participate in the statewide Codes &
4 Standards (C&S) advocacy program, but will continue to contribute its share of funding to
5 support this statewide effort.

6 **Emerging Technologies**

7 SoCalGas’s ET sector accelerates the development and validation of next-generation,
8 energy-efficient, and cleaner technologies to strengthen energy efficiency adoption across all
9 customer sectors. Guided by Commission evaluation findings,¹³⁵ the portfolio focuses on
10 customer groups and end-uses with the highest potential for scalable impact, supporting
11 early-stage technologies being tested, proven, and prepared for integration into Resource
12 Acquisition programs. This approach positions ET as a critical bridge between innovation and
13 market adoption, supporting affordability, reliability, and long-term decarbonization.

14 The Commission’s 2024 ETP Process Evaluation and Adoption Driver Study emphasizes
15 that successful emerging technology adoption requires rigorous field testing, clear evidence of
16 savings, customer-acceptance insights, and strong engagement with manufacturers, distributors,
17 and trade allies.¹³⁶ In response, SoCalGas will continue designing ET pilots with strong
18 experimental rigor, robust data collection, and sector-specific reporting with the intent of
19 positioning technologies to transition smoothly into full-scale programs. The strategy
20 incorporates customer-acceptance research, establishes clear expectations with manufacturers on
21 product claims, and leverages supply-chain partners to promote awareness and adoption.

Table 10: Budget Distribution by Sector									
Budget Distribution by Sector (\$000)									
Sector									
Budget	Res	Com	Ind	Ag	Pub	Cross-Cutting	EM&V	Portfolio Support	Total
2028	\$54,231	\$22,041	\$6,134	\$4,204	\$9,789	\$40,731	\$6,000	\$6,700	\$149,829

¹³⁵ Opinion Dynamics and Guidehouse, *Emerging Technologies Program Adoption Driver Study*, Study ID: CPU0370.01, prepared for the CPUC (February 2024) at 6, available at: https://www.calmac.org/publications/CPUC_ETP_Adoption_Driver_Study_Final_Report_April_2024.pdf.

¹³⁶ Opinion Dynamics, *WE&T and Installation Improvement Evaluation: Final Report*, Study ID: CPU0378.01, prepared for the CPUC (July 30, 2024), available at: https://www.calmac.org/publications/CPUC_WET_Deliverable_26_FINAL_2024-07-30.pdf.

Table 10: Budget Distribution by Sector									
Budget Distribution by Sector (\$000)									
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Budget	Res	Com	Ind	Ag	Pub	Cross-Cutting	EM&V	Portfolio Support	Total
2029	\$54,217	\$22,017	\$6,130	\$4,200	\$9,834	\$40,731	\$6,000	\$6,700	\$149,829
2030	\$54,110	\$22,058	\$6,142	\$4,212	\$9,877	\$40,731	\$6,000	\$6,700	\$149,829
2031	\$54,139	\$22,040	\$6,143	\$4,213	\$9,863	\$40,731	\$6,000	\$6,700	\$149,829
Total (4-Yr.)	\$216,697	\$88,157	\$24,548	\$16,828	\$39,363	\$162,923	\$24,000	\$26,800	\$599,316
2032	\$55,763	\$22,701	\$6,328	\$4,340	\$10,159	\$41,901	\$6,171	\$6,901	\$154,263
2033	\$57,436	\$23,382	\$6,517	\$4,470	\$10,464	\$43,158	\$6,356	\$7,108	\$158,891
2034	\$59,159	\$24,084	\$6,713	\$4,604	\$10,778	\$44,453	\$6,546	\$7,321	\$163,658
2035	\$60,933	\$24,806	\$6,914	\$4,742	\$11,101	\$45,787	\$6,743	\$7,541	\$168,567
Total (4-Yr.)	\$233,291	\$94,974	\$26,472	\$18,155	\$42,501	\$175,299	\$25,816	\$28,871	\$645,379
Cumulative (8-Yr.)	\$449,987	\$183,131	\$51,020	\$34,984	\$81,864	\$338,222	\$49,816	\$55,671	\$1,244,695

6.2 Portfolio Segmentation Strategy (RA, MS, E, C&S)

2. Describe the rationale and criteria for the proposed distribution of budget among the portfolio segments and alignment with broader portfolio objectives for 4-year plan.

The proposed distribution of funding across the Resource Acquisition, Market Support, and Equity segments aligns directly with the Commission’s segment objectives in Decision 21-05-031¹³⁷ and the affordability, decarbonization, and reliability priorities identified in the 2025 Assigned Commissioner’s Scoping Memo.¹³⁸ Concentrating the majority of funding in Resource Acquisition reflects the statutory primacy of energy efficiency as a load-reducing and infrastructure-minimizing resource, promoting SoCalGas’s ability to meet its TSB obligations and deliver verifiable avoided cost benefits that strengthen affordability and reliability.

¹³⁷ D.21-05-031 at 14-15.

¹³⁸ R.25-04-010, Assigned Commissioner’s Scoping Memo And Ruling (July 23, 2025) at 4.

1 The allocation also responds to the Commission’s sharpened focus on cost-effectiveness
2 and ratepayer value under EO N-5-24.¹³⁹ It incorporates lessons from the 2025 State Auditor
3 Report, which called for stronger oversight and the retirement of underperforming
4 programs. The Assigned Commissioner’s Ruling reinforces these expectations by elevating cost-
5 effectiveness, affordability, and oversight as the central focus for IOUs, requiring SoCalGas to
6 prioritize Resource Acquisition spending, tightly scope Market Support and Equity investments,
7 and demonstrate clear alignment with statewide decarbonization and ratepayer
8 value objectives. SoCalGas’s four-year plan advances statewide affordability, decarbonization,
9 and reliability goals while delivering meaningful, cost-effective, and durable value in a
10 regulatory environment marked by rigorous, continuous scrutiny.

11 **Provide a high-level discussion of 8-year segmentation plan strategies.**

12 SoCalGas’s eight-year segmentation plan establishes a balanced, durable portfolio that
13 advances the distinct objectives of the Resource Acquisition, Market Support, and Equity
14 segments while maintaining the flexibility needed to respond to evolving Commission
15 priorities. The portfolio relies on proven strategies— meter-based incentives, equipment rebates,
16 custom incentives, direct install offerings, SEM, audits, training, technical assistance, and
17 financing—while creating space to test emerging technologies and new program concepts that
18 strengthen long-term performance.

19 SoCalGas will maintain comprehensive offerings for equity-classified customers and
20 expand workforce training and education, drawing on the creativity of the third-party
21 implementer community to support innovative program design and delivery. The Business Plan
22 also deepens partnerships with POUs, water agencies, labor organizations, and other Portfolio
23 Administrators to develop synergistic codelivery approaches that enhance customer reach and
24 improve program effectiveness. As a whole, these strategies provide a coherent structure that
25 guides each portfolio segment and advances the Commission’s policy goals over the full eight-
26 year horizon.

27
28
¹³⁹ D.25-11-023 approved the Room Heat Pump MTI and conditionally approved the Induction Cooking
MTI.

1 **Resource Acquisition**

2 **3. Describe the PA’s strategy for the Resource Acquisition segment.**

3 SoCalGas’s Resource Acquisition segment anchors the portfolio’s delivery of cost-
4 effective TSB across all customer sectors, deploying strategies that generate measurable, near-
5 term results at scale. Consistent with Commission guidance, Resource Acquisition remains the
6 primary engine of portfolio energy savings, emphasizing delivery models that can be rapidly
7 mobilized, replicated, and verified. The design integrates high-performing approaches outlined
8 in Chapter 3, including expanded midstream interventions, streamlined direct install delivery,
9 residential behavioral solutions, early replacement targeting for aging equipment, and high-value
10 industrial process improvements to promote timely reductions in energy use from ratepayer
11 investments.

12 In response to Commission direction and the State Auditor’s findings on program
13 performance and cost-effectiveness, SoCalGas has structured the Resource Acquisition segment
14 around high-value offerings and maintains continuous oversight to reform or retire low-
15 performing programs. The segment is organized to support the achievement of the
16 Commission’s TSB targets and is guided by three core objectives:

- 17 • targeting high-potential energy efficiency projects to maximize ratepayer value;
- 18 • pursuing near-term behavioral and operational savings across all sectors; and
- 19 • reducing transactional costs in program delivery to improve efficiency and the
20 customer experience.

21 **4. Describe the sector(s) the PA proposes to service within the Resource**
22 **Acquisition segment (noting expansion into new sectors or withdrawal from a**
23 **sector). Include forecasts of single family and manufactured**
24 **home customers served.**

25 The Resource Acquisition segment is proposed to continue serving all customer
26 sectors. This structure aligns with the Commission’s segmentation framework¹⁴⁰ and supports
27 SoCalGas’s 2028-2035 program consolidation strategy. Resource Acquisition remains a sector-
28 wide platform designed to deliver high value, cost-effective savings across the service territory.

¹⁴⁰ D.21-05-031 at 14.

1 SoCalGas forecasts serving approximately 46,000 single-family households, 6,500
2 multifamily units, and 2,400 manufactured homes over the 2028-2031 program cycle through
3 direct install, early replacement, and midstream offerings. SoCalGas also anticipates that more
4 than 1.85 million customers will engage with behavioral offerings over the cycle.

5 Commercial and industrial participation is expected to increase through expanded
6 midstream water-heating interventions, demand-control kitchen ventilation, and process-
7 efficiency upgrades. Public sector customers, including schools, local governments, and special
8 districts, will have a single point of contact for coordinated energy efficiency support. This
9 sector-wide approach supports the Resource Acquisition segment in continuing to deliver
10 high-value, cost-effective savings across the SoCalGas service territory.

11 **5. Describe which sectors are targeted for Strategic Energy Management (SEM),**
12 **site and population Normalized Metered Energy Consumption (NMEC), deemed,**
13 **custom measurement, direct install, etc. and why.**

14 SoCalGas will deploy a coordinated suite of sector-specific strategies to advance
15 Resource Acquisition objectives. SEM will target commercial, industrial, agricultural, and
16 public sector facilities, where operational and behavioral improvements deliver substantial,
17 persistent savings. Site-based NMEC will focus on high-use nonresidential customers, where
18 whole-building metered data support accurate measurement and verification. Population NMEC
19 will remain available to all sectors, though residential participation is expected to remain limited
20 due to modest household savings potential.

21 Randomized Controlled Trials (RCTs) will continue to be deployed in the residential
22 sector to capture behavioral energy savings. Deemed measures will support common residential
23 and nonresidential upgrades with established savings values, while custom approaches will be
24 reserved for complex nonresidential operations requiring site-specific engineering
25 analysis. Direct install services will focus on single-family homes, manufactured homes, small
26 businesses, and public sector facilities, enabling equitable access to low-cost, high-impact
27 measures. Additional custom strategies, such as hybrid heating optimization, targeted envelope
28 upgrades, midstream stocking incentives, and high-TSB industrial process improvements, will
29 further enhance cost-effective savings.

1 **6.3 Market Support**

2 **6. Describe the PA’s strategy for the Market Support segment, including how**
3 **strategies and activities for each of the five MS Sub-objectives make it more likely to**
4 **achieve Market Support and Resource Acquisition goals consistent with the**
5 **Commission’s objectives.**

6 SoCalGas’s Market Support segment is designed to build durable market capacity and
7 reduce structural barriers that limit energy efficiency adoption. It strengthens long-term portfolio
8 performance by educating customers, training contractors, advancing emerging technologies,
9 expanding access to capital, and building partnerships across sectors. These activities create the
10 conditions necessary for sustained, cost-effective savings and directly reinforce the performance
11 of Resource Acquisition programs. In concert, these strategies support the Market Support
12 segment in fulfilling its stated objective by shaping long-term market conditions, advancing
13 persistent energy savings, and reinforcing the Commission’s TSB-driven Resource Acquisition
14 goals. This integrated approach positions the portfolio to deliver reliable, scalable, and policy-
15 aligned value over both the four- and eight-year planning horizons.

16 The Market Support segment integrates the strategies outlined in Chapter 3 to maintain
17 alignment among Market Support activities, sector-specific needs, and the Commission’s broader
18 policy direction.

19 • *Sub-Objective #1 - Demand. Build, enable, and maintain demand for energy*
20 *efficient products and services in all sectors and industries to support interest in,*
21 *knowledge of benefits of, or awareness of how to obtain energy efficiency products*
22 *and/or services.* SoCalGas will build and maintain customer demand through
23 multilingual education, targeted outreach, and sector-specific awareness
24 campaigns. Marketplace will continue to provide a simple platform
25 for purchasing efficient products and accessing GoGreen financing. These activities
26 increase awareness, accelerate adoption, and create a more receptive market for
27 Resource Acquisition offerings.

28 • *Sub-Objective #2 - Supply. Build, enable, and maintain supply chains to increase*
29 *the capability and motivation of market actors to supply energy efficient products*
30 *and/or services, and to increase the ability, capability, and motivation of market*
31 *actors to perform/support quality installations that optimize energy efficiency*

1 *savings.* SoCalGas will strengthen the supply chain through contractor training,
2 workforce-readiness programs, and technical skill-building. Training will focus on
3 approved advanced gas technologies, hybrid systems, refrigerant management, and
4 methane mitigation practices. These efforts improve installation quality, reduce
5 performance risk, and support scalable Resource Acquisition delivery.

6 • ***Sub-Objective #3 - Partnerships. Build, enable, and maintain partnerships with***
7 ***consumers, governments, advocates, contractors, suppliers, manufacturers,***
8 ***community-based organizations and/or other entities to obtain delivery and/or***
9 ***funding efficiencies for energy efficiency products and/or services and added value***
10 ***for partners.*** SoCalGas will deepen partnerships with local governments, community-
11 based organizations, manufacturers, distributors, POUs, and water agencies. These
12 partnerships expand reach, reduce duplicative outreach, and support coordinated
13 delivery across sectors. They also improve customer access and lower program costs.

14 • ***Sub-Objective #4 - Innovation and Accessibility. Build, enable,***
15 ***and maintain innovation and accessibility in technologies, approaches, and services***
16 ***development to increase value, decrease costs, increase energy efficiency, and/or***
17 ***increase scale of and/or access to emerging or existing energy efficient products***
18 ***and/or services.*** SoCalGas will support innovation through the Statewide Gas
19 Emerging Technologies program, IDEEA365 pilots, and targeted demonstrations such
20 as small industrial carbon capture applications. Upstream and midstream interventions
21 will improve access to high-efficiency equipment. These activities accelerate
22 technology maturation and strengthen Resource Acquisition performance.

23 • ***Sub-Objective #5 - Access to Capital. Access to Capital: Build, enable,***
24 ***and maintain greater, broader, and/or more equitable access to capital and program***
25 ***coordination to increase affordability of and investment in energy efficient projects,***
26 ***products, or services.*** SoCalGas will expand access to capital by coordinating with
27 state, local, and federal financing programs and strengthening utility-administered tools
28 such as On-Bill Financing and targeted microloans. These mechanisms lower upfront
29 costs and enable broader participation in Resource Acquisition programs.
30

1 **7. Describe the sector(s) the PA proposes to serve in the Market Support segment**
2 **(noting PA expansion into new sectors or withdrawal from sector). Include forecasts**
3 **of single family and manufactured customers served in each sector.**

4 The Market Support segment will continue to serve all customer sectors. This stable
5 sector structure aligns with the Commission’s segmentation framework and supports SoCalGas’s
6 long-term program-consolidation strategy.

7 Market support segments indirectly support single-family and manufactured homes
8 through contractor training and other market support activities during the 2028-2031 program
9 cycle. These participation forecasts are difficult to quantify due to the indirect nature of market
10 support programs serving end-use customers and will be refined following competitive program
11 solicitations.

12 SoCalGas will engage in Market Support activities during the 2028-2031 program cycle
13 to serve contractors, distributors, industry organizations, and other key stakeholders. These
14 customers will benefit from contractor training, customer education, and improved access to
15 capital that support the adoption of high-efficiency equipment and building envelope
16 improvements.

17 Market Support activities will be tailored to each sector. Residential customers will
18 receive education, financing support, and access to efficient products. Nonresidential sectors
19 will benefit from workforce training, midstream water-heating interventions, and methane-
20 mitigation best practices. Public sector customers will have a single point of contact for
21 coordinated energy efficiency support. In concert, these sector-specific activities strengthen
22 market readiness, reduce participation barriers, and expand access to high-quality energy
23 efficiency services, thereby reinforcing both Market Support and Resource Acquisition
24 outcomes.

25 **6.4 Equity**

26 **8. Describe the PA’s strategy for the Equity segment, including how**
27 **strategies and activities make it more likely to achieve overall Equity and Resource**
28 **Acquisition goals consistent with the Commission’s objectives.**

29 SoCalGas’s Equity segment is designed to reduce persistent market barriers and expand
30 access to energy efficiency services for equity-defined customers. The strategy draws from the
31 residential, commercial, and public sector approaches outlined in Chapter 3, Section 3.11, and

1 aligns with the Commission’s Environmental and Social Justice (ESJ) Action Plan. It focuses on
2 delivering direct installation services, comprehensive energy audits, and whole building
3 efficiency bundles that improve comfort, safety, indoor air quality, and affordability.

4 SoCalGas will align Equity offerings with complementary programs, such as its Energy
5 Savings Assistance (ESA) Program, and will leverage water-energy nexus opportunities with
6 other utilities and water agencies. These activities deepen savings, expand participation, and
7 provide co-benefits for communities that have historically faced disproportionate environmental
8 and economic burdens.

9 These strategies directly advance the Commission’s ESJ Action Plan objectives by
10 improving access to energy efficiency resources and reducing pollution burdens in disadvantaged
11 and hard-to-reach communities. They also reinforce Resource Acquisition goals by building a
12 stronger pipeline of customers ready to adopt energy efficiency measures, improving installation
13 quality through targeted contractor training, and increasing participation in energy
14 efficiency upgrades such as building envelope improvements and smart controls.

15 **9. Discuss whether the current definitions of the three Equity subcategories**
16 **(hard to reach, underserved, and disadvantaged communities) require further**
17 **refinement or clarification to better support program design and delivery.**

18 SoCalGas recommends the Commission revisit the current definitions of hard-to-reach,
19 underserved, and disadvantaged communities. The existing framework draws from multiple
20 statutory sources and relies on data that are difficult to access, validate, or share. These
21 requirements create administrative friction, slow program delivery, and complicate oversight.

22 A simplified, geography-based approach would improve clarity and reduce administrative
23 burdens. Using zip code, customer class, and/or other publicly available indicators
24 already maintained in utility billing systems would preserve the Commission’s policy intent
25 while lowering monitoring and reporting costs for Portfolio Administrators, implementers, and
26 the Commission. This approach would also make it easier for customers to understand their
27 eligibility and participate in equity programs without having to navigate multiple overlapping
28 screens.

29 For example, streamlining the equity framework around the DAC approach, using zip
30 code, customer class, and publicly available CalEnviroScreen data would further enhance
31 consistency and transparency. A clearer, geography-based definition would support more

1 efficient program design, improve delivery, and strengthen the long-term performance of both
2 Equity and Resource Acquisition portfolios.

3 **Underserved**

4 The Commission’s current Underserved definition, adopted in D.23-06-055¹⁴¹ relies on
5 multiple cross-referenced statutes that are difficult to interpret and apply consistently across
6 residential, commercial, industrial, agricultural, and public sector customers. This layering of
7 Public Utilities Code provisions, Government Code definitions, and federal classifications
8 increases the risk of overlooking the very customers the Commission intends to prioritize. A
9 simplified, zip-code-based approach that relies upon utility billing information or reliable public
10 records could reduce complexity, improve tracking, and help Portfolio Administrators and
11 program implementers design Equity strategies with greater accuracy and confidence.

12 **Hard-to-Reach**

13 The Commission’s recent update to the HTR definition¹⁴² expanded eligibility to local
14 governments that meet the geographic criteria. To facilitate consistent treatment of similar
15 public institutions, SoCalGas recommends extending this clarification to geographically
16 qualified public school districts and state and federal facilities. SoCalGas also supports the
17 inclusion of permanent medical baseline customers, who often face unique constraints that
18 limit their access to programs. These refinements would improve clarity, reduce administrative
19 burden, and help customers with the greatest barriers benefit more easily from participating in
20 energy efficiency offerings.

21 **Disadvantaged Communities**

22 The DAC definition remains one of the most workable eligibility frameworks because
23 programs can use zip code-based criteria in combination with existing utility billing systems to
24 confirm customer eligibility. It offers clarity, consistency, and a straightforward path for
25 confirming customer eligibility. The Commission should strive for similar simplicity when

¹⁴¹ “For the residential and public sectors, an underserved customer is a member of an underserved community, as defined by Pub. Util. Code Section 1601(e). For the commercial, industrial and agricultural sectors, a customer must be a member of an underserved community as defined by Pub. Util. Code Section 1601(e), and must also be an underserved business group as defined by Government Code Section 12100.63(h)(2) to be considered an underserved customer.” D.23-06-055 at 114 (COL 31).

¹⁴² D.23-06-055 at 115 (COL 33).

1 refining the other equity group definitions, helping maintain accurate and efficient application
2 while reducing administrative costs.

3 **10. Describe the sector(s) the PA proposes to serve within the Equity segment**
4 **(noting PA expansion into new sectors or withdrawal from sector). Include forecasts**
5 **of single family and manufactured home customers served.**

6 SoCalGas will continue to serve customers within the Equity segment, maintaining
7 coverage across the service territory. This structure aligns with the Commission’s segmentation
8 framework and keeps equity-defined customers in every sector connected to energy efficiency
9 services. SoCalGas does not propose withdrawing from any existing sectors.

10 Equity offerings will remain focused on reducing persistent participation barriers and
11 expanding access to direct installation services, whole building solutions, and coordinated
12 support with complementary programs, such as SoCalGas’s ESA program. SoCalGas tailored
13 these activities to the unique needs of equity-defined customers, who often face higher market
14 barriers to adopting energy efficiency measures. These sector-specific equity activities expand
15 access, reduce participation barriers, and strengthen the long-term performance of both the
16 Equity and Resource Acquisition segments of the portfolio.

17 SoCalGas forecasts serving approximately 11,500 single-family households, 6,500
18 multifamily households, and 2,500 manufactured-home households through the Equity segment
19 over the 2028-2031 program cycle. These participation forecasts are preliminary and will be
20 refined following competitive program solicitations.

21 **6.5 Codes and Standards**

22 **11. Describe the PA’s strategy for the Codes & Standards segment consistent**
23 **with the Commission’s objectives.**

24 As previously discussed, SoCalGas cannot take part in the Statewide Codes & Standards
25 Advocacy program beyond providing the required funding. Consistent with D.18-05-041
26 and 23-06-055,¹⁴³ SoCalGas’s role is limited to transferring gas ratepayer funds to the Statewide
27 Lead Administrator, who is responsible for advocacy activities.

¹⁴³ D.18-05-041 at 193 (OP 53).

1 **12. Describe the sector(s) that the PA proposes to serve within the Codes and**
2 **Standards segment.**

3 SoCalGas does not serve specific sectors within the Codes & Standards segment, as it
4 plays a limited role as a funding pass-through entity.

1 **DIRECT TESTIMONY OF DARREN M. HANWAY**

2 **IX. CHAPTER 7: PORTFOLIO COORDINATION**

3 **A. Segment and Sector Specific Coordination**

4 **1. Coordination within the Same Portfolio Administrator and between**
5 **energy efficiency programs, sectors, and segments run by the same**
6 **Portfolio Administrator. Include:**

7 SoCalGas views portfolio coordination as foundational to the disciplined, efficient, and
8 customer-aligned delivery of energy efficiency programs. Entering the 2028-2031 program
9 cycle, SoCalGas is shifting from establishing new partnerships to strengthening existing
10 coordination structures with Portfolio Administrators, regional entities, and third-party
11 implementers to support more agile, data-driven, and customer-focused implementation.

12 Effective coordination can reduce administrative burden, mitigate customer confusion,
13 and improve statewide consistency. By clarifying roles, streamlining processes, and aligning
14 with Commission objectives, SoCalGas aims to enhance customer experience and improve
15 overall portfolio performance.

16 This strategy is built on three pillars:

- 17 • Elevating the Program Implementer Coordination Council into a collaborative
18 platform for rapid problem-solving and real-time market insight.
- 19 • Continuing to harmonize the statewide experience through proactive collaboration
20 with other PAs and the Commission, aligning program rules and timelines across
21 overlapping territories to support energy efficiency as a unified and accessible
22 pathway for customers.
- 23 • Scaling joint delivery models by expanding agreements with POUs, water
24 agencies, and regionally located IOUs to move from co-marketing to true
25 co-delivery and to leverage the water-energy nexus for deeper emission
26 reductions.

27 **Sector/Segment Specific Coordination**

28 SoCalGas employs a centralized management approach to promote coordinated delivery
29 across its energy efficiency portfolio. By consolidating key portfolio functions under a single
30 leadership point, SoCalGas maintains consistent resource allocation and a unified strategic
31 direction across all customer sectors. SoCalGas has organized its specialized technical and

1 operational functions as integrated support pillars within this structure. This alignment helps the
2 portfolio operate as a cohesive system, rather than a collection of independent program activities,
3 and strengthens SoCalGas’s ability to deliver clear, efficient, and customer-focused outcomes.

4 **Residential Sector Coordination**

5 Coordination within the residential sector is supported by a unified management structure
6 that aligns single-family, multifamily, and manufactured homes program delivery, enables
7 accurate customer routing, and maintains a consistent experience across a diverse service
8 territory.

9 This coordination includes cross-referencing single-family rebate applicants for eligibility
10 in the ESA program or redirecting them to the Multifamily Direct Install (MFDI) program when
11 a single-family home is part of a small multi-unit complex. The MFDI program exemplifies this
12 integrated model by serving as a single intake point that screens properties for no-cost direct
13 install upgrades and market-rate equipment rebates, allowing a single-sector lead to manage a
14 property’s full energy profile.

15 To reach the equity customers, SoCalGas integrates the Community Language Efficiency
16 Outreach (CLEO) program directly into the intake pipelines for the Single-Family Direct Install
17 (SFDI), MFDI, and Residential Energy Efficiency Program (REEP). CLEO helps identify non-
18 English-speaking customers who may qualify for deeper retrofits, and SoCalGas staff actively
19 transfer these customers to the appropriate implementation teams to promote cultural outreach,
20 translating into completed installations.

21 SoCalGas also maintains strong coordination between its broad-market digital platforms
22 and targeted retrofit programs. Currently, the REEP program is operationally linked with the
23 Marketplace program so that customers browsing for measures such as smart thermostats are
24 screened for rebate eligibility and future outreach, reducing administrative friction and
25 improving continuity across the customer journey. Marketplace participants are also flagged as
26 high-priority candidates for SFDI. At the same time, SFDI contractors educate customers on
27 Marketplace offerings for measures outside the direct-install scope, supporting a single site visit
28 in providing access to the full suite of SoCalGas residential energy efficiency solutions.

29 **Commercial Sector Coordination**

30 In the commercial sector, coordination focuses on optimizing the project mix to meet
31 combined TSB and equity targets. A key coordination mechanism is the AE, who serves as the

1 central point of contact for large commercial customers. The AE aggregates multiple energy
2 efficiency offers, including performance-based options such as NMEC and SEM, as well as
3 deemed and custom incentives, into a cohesive proposal. Coordination protocols require AEs to
4 work with energy efficiency programs to screen customers based on annual usage; smaller
5 commercial customers (typically under 50,000 therms/year) are prioritized for direct install
6 programs or energy efficiency rebates to support simple, fast access, while larger customers are
7 directed to meter-based or custom energy savings pathways within the Large Commercial
8 Energy Efficiency Program.

9 This is particularly critical for the SEM program, where internal coordination shifts from
10 a transactional to a relational approach. The program collaborates with AEs to identify
11 customers with the organizational maturity to commit to continuous improvement. Once a
12 customer candidate is identified, the AE coordinates the customer's entry into an SEM cohort,
13 facilitating the shift from one-off equipment upgrades to persistent, operations-based energy
14 management. This tight alignment is intended to position high-usage customers to move beyond
15 simple widget installations and toward capturing behavioral and operational savings over
16 multi-year cycles.

17 The commercial sector also benefits from strong collaboration with SoCalGas resources,
18 such as Try-Before-You-Buy, which allows customers to test high-efficiency kitchen equipment
19 before purchasing. At the state-of-the-art commercial kitchen, featuring a ventilation and bake
20 lab with multiple hood systems and energy-efficient ovens, customers can compare equipment
21 performance, explore differences in operating costs, and learn about available rebates across
22 manufacturers in a manufacturer-neutral, hands-on environment.

23 Similarly, the commercial sector maintains close coordination with the Business Energy
24 Efficiency Surveys (BEES) program, which provides customers with a full view of applicable
25 opportunities as energy assessment results are presented. This connection functions as a
26 concierge-style service, identifying customers early in the assessment process and directing them
27 to the program that best fits their needs, strengthening alignment across Resource Acquisition
28 and Equity segment offerings.

29 **Industrial Sector Coordination**

30 Coordination within the industrial sector requires a tailored approach that reflects the
31 diversity of industrial sub-segments and the distinction between the custom process

1 improvements and standard equipment replacements. SoCalGas, in coordination with the
2 program implementers, provides three primary pathways in the industrial sector. These
3 pathways include custom incentives through the Industrial Energy Efficiency program, SEM,
4 and deemed rebates for installing energy-efficient equipment or for retrofits, to support
5 appropriate customer routing based on project type and complexity.

6 The industrial sector directs customers replacing standard equipment, such as process
7 boilers to deemed rebate applications, while customers pursuing complex system optimizations
8 are referred to Energy Coaches for engineering analysis and project scoping.

9 For large industrial customers with significant energy intensity, typically exceeding
10 250,000 therms per year, the programs coordinate closely to determine whether custom or SEM
11 pathways best align with portfolio size, investment capacity, and project timelines, helping to
12 provide each customer with a clear and actionable path forward. AEs reinforce this coordination
13 by verifying customer eligibility history, such as confirming that rebates have not been issued for
14 the same measure within the past five years, before presenting program options.

15 This integrated approach strengthens customer routing accuracy, supports disciplined use
16 of ratepayer funds, and helps provide industrial customers with solutions that match their
17 operational needs, whether through rapid deemed pathways, engineering-driven custom projects,
18 or multi-year SEM engagements that deliver persistent operational and maintenance savings.

19 **Agricultural Sector Coordination**

20 Coordination within the agricultural sector is structured to reflect the distinct needs of
21 large-scale operations and smaller farms, helping each customer find a clear and appropriate
22 pathway.

23 AEs play a central role in sustaining these relationships by reconnecting with
24 long-standing agricultural customers, reviewing new project opportunities, and guiding them
25 through application and program requirements. This coordinated approach supports accurate
26 eligibility verification, such as confirming that rebates have not been issued for the same
27 measure within the past five years, while providing a positive, streamlined experience that
28 supports both immediate upgrades and long-term energy management across the agricultural
29 sector. Large agricultural entities, such as commercial dairies, are supported through the
30 Agricultural Energy Efficiency program, in which AEs collaborate with engineering teams to
31 develop extensive, custom-calculated incentives for high-usage measures and deemed rebate

1 projects.

2 While smaller farms (<50,000 therms per year) are coordinated through partnerships with
3 SoCalREN and SoCalGas, a direct install program provides no-cost upgrades. SoCalGas
4 maintains defined referral protocols so that when a small farm applies for a standard rebate but
5 lacks the upfront capital to proceed, it is redirected to available direct install programs that can
6 provide immediate support.

7 SoCalGas also aligns agricultural sector efforts with the recently filed Woody Biomass
8 Pilot,¹⁴⁴ enabling customers to pair energy efficiency upgrades with emerging waste-to-energy
9 opportunities and strengthening the overall value of participation.

10 **Public Sector Coordination**

11 Coordination within the public sector focuses on managing overlaps with regional
12 partners, including IOUs, RENs, and municipal utilities, while optimizing program delivery with
13 program implementers to meet the unique operational needs of public agencies and institutions.
14 The public sector aligns program design with value-added services, using regular internal
15 reviews of project pipelines to direct agencies to the most appropriate energy efficiency incentive
16 or financing option.

17 SoCalGas's Regional Energy Pathways program serves as a strategic intake engine,
18 assessing customer needs and directing smaller agencies or those with limited technical capacity
19 to the Public Direct Install program for turnkey, no-cost deployment. Larger entities with
20 complex infrastructure requirements are directed to the Large Public Sector program, where AEs
21 coordinate closely with the customer to align energy efficiency incentive reservations with public
22 sector budget cycles and capital improvement plans, helping projects move forward with clarity
23 and predictability.

24 For these large-scale efforts, SoCalGas also coordinates to layer energy efficiency
25 incentives with available federal funding opportunities, enabling public agencies to maximize
26 total project value and effectively leverage multiple funding streams. AEs reinforce this
27 coordination by maintaining long-standing relationships with public agencies, identifying new
28 project opportunities, and guiding customers through application and program requirements.

¹⁴⁴ SoCalGas's Application (A.25-10-008), filed October 15, 2025, requests approval of a woody biomass pilot to convert agricultural waste into renewable biomethane using gasification technologies.

1 This integrated approach supports accurate customer routing, strengthens alignment
2 among regional partners, promotes the disciplined use of ratepayer funds, and provides public
3 agencies with a seamless, well-supported pathway to implement energy efficiency upgrades
4 aligned with their operational and fiscal priorities.

5 **Cross-Cutting Sector Coordination**

6 SoCalGas's cross-cutting sectors focus on removing financial, technical, and educational
7 barriers. These cross-cutting sector programs act as the connective tissue of the portfolio,
8 supporting all customer sectors. SoCalGas's coordination across the portfolio is intended to
9 guide each program's deployment to where it is most needed.

10 For example, the OBF program is built directly into the sales workflows of commercial
11 and public sector AEs. When a Business Energy Efficiency Survey identifies a capital-intensive
12 retrofit, the AE pairs the findings with an OBF model. This gives the customer a funded solution
13 and turns audit results into completed projects.

14 The WE&T sector strengthens the portfolio's workforce infrastructure. WE&T aligns its
15 training curriculum to advance energy efficiency adoption. As the portfolio shifts toward
16 complex, integrated demand-side management and decarbonization initiatives, WE&T is
17 designing career- and workforce-readiness modules to support them. These modules inform,
18 educate, and train contractors on new technologies. This coordination supports having a
19 qualified workforce ready to install new rebates or technologies as they launch.

20 Innovation moves forward through the Statewide GET program and the IDSM Pilot. The
21 GET team serves as the portfolio's research and development arm, testing new hardware, such as
22 gas heat pumps and advanced controls. Validated technologies are transferred to the program
23 and rebate teams for full commercialization, creating a clear and reliable path from early testing
24 to broad market adoption.

25 The IDSM Pilot coordinates across gas and electric boundaries to identify customers who
26 benefit from unified interventions that support grid relief. The result is a stronger customer
27 experience and a more aligned energy system while committing the necessary focus on emerging
28 gas energy efficiency and decarbonization advancements.

29 Through this layered approach, cross-cutting programs help provide every sector has the
30 financial, technical, and educational support needed to adopt energy efficiency solutions.

31

1 **Sector/segment specific coordination**

2 **Program-specific coordination**

3 Program-level coordination is anchored in a structured operational framework that brings
4 together program management, marketing, AEs, and engineering to deliver consistent, aligned,
5 and customer-ready execution across the portfolio. At the program level, coordination is
6 maintained through rigorous operational protocols involving program management, marketing,
7 AEs, and engineering teams.

8 **Marketing & Communications Coordination**

9 The SoCalGas Marketing Communications supports the entire portfolio through
10 integrated marketing plans. These plans define clear strategies and tactics across all sectors.
11 SoCalGas’s marketing coordinates with programs to unify messaging and prevent isolated,
12 ineffective program campaigns. This coordination helps customers receive accurate information
13 and a consistent SoCalGas brand experience. SoCalGas may reallocate marketing resources to
14 support underperforming programs or high-priority initiatives. This structure enhances portfolio
15 performance while maintaining a positive customer experience.

16 **Internal Enablement**

17 SoCalGas strengthens coordination through internal enablement strategies that support
18 accurate customer routing and consistent program delivery. Ambassador training equips
19 customer service representatives and field crews to identify energy efficiency opportunities
20 during routine interactions and to provide targeted referrals. The training includes tools for
21 proper screening for income and geographic criteria. This process enables immediate, accurate
22 routing of customers to either energy efficiency offerings or income-qualified ESA services. In
23 aggregate, these tools create a clear, efficient pathway for customers and reinforce SoCalGas’s
24 commitment to accessible energy efficiency solutions.

25 **Innovation & Third-Party Program Design**

26 SoCalGas uses the IDEEA365 rolling solicitation model to identify and deploy
27 innovation from the third-party implementer community. The solicitation supports two clear
28 pathways. It serves as the graduation path for technologies vetted by the Gas Emerging
29 Technologies program. It also adopts new program strategies and tactics to increase customer
30 adoption of energy efficiency solutions. This open and competitive process allows bidders to

propose innovative delivery channels or technologies that, if successful, can be introduced into SoCalGas’s larger energy efficiency program portfolio.

Coordination with Other PAs

- 2. Provide a high-level description of how the PA coordinates with other PAs, on statewide and regional programs, to support portfolio alignment and reduce customer confusion. This section should focus on coordination processes, including participants, structure, and frequency, rather than program-level details or prospective program overlap. In your response, address the following:**

Coordination Participants

- 3. Identify every PA you coordinate with (e.g., specific IOUs, RENs, CCAs) and briefly describe any shared geographic territory or customer segments in which overlap is possible**

SoCalGas coordinates with Portfolio Administrators operating in its shared service territory and within statewide energy efficiency programs. This coordination is structured, recurring, and designed to support portfolio alignment and reduce customer confusion. The Joint Cooperation Memo provides the governing framework for this work and establishes the roles, responsibilities, and referral pathways used across overlapping territories.

Coordination occurs through quarterly sector meetings, bi-monthly public-sector sessions, monthly statewide coordination through the Statewide Energy Efficiency Team, and bilateral or ad hoc meetings convened as needed. Participants typically include sector leads, portfolio managers, program managers, policy staff, evaluation staff, and subject matter experts, with counterpart roles mirrored at each coordinating Portfolio Administrator. Figure 7.1 summarizes each coordinating entity, the shared geography or customer segments involved, and the coordination structure and frequency.

Figure 7.1: PA Coordination Participants, Shared Territories, and Coordination Structure				
Portfolio Administrator	Shared Geography / Customer Segments	Coordination Structure	Participants	Frequency
SCE	Large dual-fuel overlap across Los Angeles, Orange, Riverside, San Bernardino, Ventura	JCM framework; sector meetings; bilateral alignment	Sector leads, portfolio managers, program managers, policy staff	Quarterly sector meetings; ad hoc as needed

Figure 7.1: PA Coordination Participants, Shared Territories, and Coordination Structure				
Portfolio Administrator	Shared Geography / Customer Segments	Coordination Structure	Participants	Frequency
PG&E	Border-region dual-fuel customers in SLO, Kern, Kings, Tulare, Fresno, San Bernardino	JCM framework; bilateral coordination for border territories	Portfolio managers, SMEs	Quarterly; ad hoc as needed
SDG&E	Dual-fuel overlap in Southern Orange County (Dana Point, San Clemente)	JCM framework; bilateral routing coordination	Sector leads, program managers	Quarterly; ad hoc as needed
SoCalREN	Shared public-sector and residential equity customers across SoCalGas territory	Public-sector coordination; equity-segment alignment	Public-sector leads, equity program managers	Bi-monthly; ad hoc as needed
3C-REN	Shared counties: SLO, Santa Barbara, Ventura	Sector coordination; REN-IOU alignment meetings	Sector leads, REN program managers	Quarterly
CCR REN	Shared rural and hard-to-reach customers in SJV and SLO	Sector coordination; rural-segment alignment	Program managers, evaluation staff	Quarterly
I-REN	Shared counties: Riverside and San Bernardino	Public-sector and residential equity coordination	Public-sector leads, REN staff	Bi-monthly public-sector cadence
Community Choice Aggregators (CCAs)	Shared residential, commercial, and public-sector customers	Bilateral coordination; customer-pathway alignment	CCA program managers, IOU portfolio managers	Quarterly; ad hoc as needed
POU Coordination				
LADWP	Shared dual-fuel and water customers in Los Angeles County	Joint planning; cross-utility alignment	POU coordinator, program staff	Monthly or bi-monthly
Riverside Public Utilities (RPU)	Shared dual-fuel customers in Riverside	Bilateral coordination	POU coordinator, program managers	Monthly or as needed
Anaheim Public Utilities (APU)	Shared dual-fuel and water customers in Orange County	Joint planning; customer-pathway alignment	POU coordinator, program staff	Monthly

Figure 7.1: PA Coordination Participants, Shared Territories, and Coordination Structure				
Portfolio Administrator	Shared Geography / Customer Segments	Coordination Structure	Participants	Frequency
Metropolitan Water District (MWD)	Shared water customers across SoCal	Industry forums (e.g., Water Use Efficiency); cross-agency alignment	POU coordinator, water-agency staff	Monthly
Other Public Utilities and Water Agencies	Shared dual-fuel or water customers	Industry forums; bilateral coordination	POU or water agency staff	As needed

Coordination Structure and Frequency

- 4. List every formal venue used for coordination (e.g., JCM process, PASC meetings, ad-hoc working groups, bilateral meetings)**
- 5. Specify how often each coordination venue convenes (e.g., monthly, quarterly, annual, or other)**
- 6. Name the typical staff roles involved in coordination (e.g., portfolio managers, sector leads, evaluation staff), and the counterpart roles at other PAs**

SoCalGas maintains a defined set of formal coordination venues to support consistent program delivery across shared service territories. These venues include the JJCM process, the Portfolio Administrator Sector Coordination (PASC) meetings, the Statewide Energy Efficiency Team (SWEET), bilateral Portfolio Administrator meetings, and ad hoc working groups convened to address emerging needs. Collectively, these venues provide the structure, cadence, and operational alignment required to coordinate programs across overlapping geographies.

The JCM process establishes an annual framework for cross-territory coordination. It defines roles, responsibilities, and referral pathways, and it anchors the shared expectations used by Portfolio Administrators. PASC meetings serve as the primary operational venue. These meetings convene quarterly for the residential, commercial, agricultural, and WE&T sectors, providing a predictable process for program alignment. Public sector coordination typically occurs every two months due to the sector’s broader stakeholder set and higher operational complexity.

Statewide program alignment is supported through SWEET. The SWEET meets monthly and schedules additional sessions as needed to address program design, implementation alignment, and unified regulatory positions. This venue provides a structured forum for

1 statewide coordination and supports program design decisions that remain aligned across
 2 utilities. SoCalGas also uses bilateral meetings and ad hoc working groups to resolve program-
 3 specific issues, address customer routing questions, and support implementation consistency.
 4 These venues convene as needed and provide a rapid-response mechanism for operational
 5 alignment.

6 A dedicated SoCalGas coordinator supports coordination with POU's and water agencies.
 7 Engagement frequency varies by partner: larger agencies meet monthly or bi-monthly, while
 8 smaller agencies engage through monthly industry forums such as the Metropolitan Water
 9 District's Water Use Efficiency meetings. This structure is intended to maintain consistent
 10 communication channels across a diverse set of partners.

11 Typical SoCalGas participants include sector leads, portfolio managers, program
 12 managers, policy staff, evaluation staff, and program-level subject-matter experts. Counterpart
 13 roles at other Portfolio Administrators typically include sector managers, portfolio and program
 14 managers, policy and regulatory staff, evaluation staff, and technical subject-matter experts.
 15 These roles collectively support alignment on referrals, customer routing, program design,
 16 implementation coordination, and cross-territory customer experience. Figure 7.2 summarizes
 17 these coordination venues, frequencies, and roles.

Figure 7.2: Coordination Venues, Frequency, and Roles

Coordination Venue	Purpose / Function	Frequency	Typical SoCalGas Roles	Counterpart PA Roles
JCM Process	Establishes annual coordination framework, roles, and referral pathways	Annual, plus as needed	Sector leads, portfolio managers, policy staff	Sector managers, policy staff
PASC Meetings	Primary operational coordination across sectors	Quarterly (Ag, Com, Res, WE&T)	Sector leads, program managers, SMEs	Sector managers, program managers
Public Sector PASC Meetings	Coordination for complex public sector programs	Every two months	Sector leads, portfolio managers, evaluation staff	Public sector program managers, evaluation staff
SWEET Team	Statewide program design, alignment, and regulatory coordination	Monthly, plus as needed	Policy staff, program managers, SMEs	Statewide leads, policy staff

1 **Coordination Practices (Overlap Identification and Mitigation Workflow)**

2 **7. Describe the steps or criteria used to flag potential “substantially**
3 **similar” or “duplicative” programs (as these terms are defined by**
4 **SoCalREN 20-E Advice Letter (D.23-06-055, OP 32))**

5 SoCalGas understands the Commission’s intent behind identifying “substantially similar”
6 and “duplicative” programs as preventing multiple offerings from pursuing the same objectives
7 in ways that create unnecessary overlap. Programs may differ in branding or delivery details yet
8 still functionally pursue the same purpose, target the same customers, or rely on the same
9 delivery pathways. When this occurs, the result can be customer confusion, fragmented delivery,
10 and inefficient use of ratepayer funds.

11 For SoCalGas, a program is considered substantially similar when its core elements align
12 with another offering within the same portfolio segment.

13 In Resource Acquisition, similarity occurs when the end use and measures are effectively
14 identical. In the Market Support segment, similarity arises when programs pursue the same
15 underlying drivers, such as market demand, supply-chain development, partnerships, innovation,
16 or accessibility. Within the Equity segment, programs are substantially similar when they aim to
17 address the same equity-related objectives, such as improving access, enhancing resilience,
18 supporting health and safety, reducing customer energy burdens, lowering emissions, or
19 expanding workforce opportunities.

20 A program becomes duplicative when it mirrors another substantially similar offering
21 without providing a meaningful distinction in purpose, approach, or customer value. In these
22 cases, maintaining separate programs does not advance portfolio goals and instead introduces
23 avoidable administrative and customer-facing inefficiencies.

24 **8. Explain how overlap findings are brought to the coordination venue and**
25 **the timeline for reaching resolution**

26 SoCalGas employs a systematic workflow to proactively flag and resolve substantially
27 similar or duplicative programs. Proposed programs are screened during the design phase against
28 defined criteria to determine whether they target the same customer segment, in the same
29 geography, with the same measure, using the same delivery channel. When a potential overlap is
30 identified, it is elevated to the PASC for discussion and resolution.

31 Overlap issues are typically reviewed at the next PASC meeting, with resolution targeted
32 within one coordination cycle. Issues that cannot be resolved by consensus at the Program

1 Manager level are escalated to the respective portfolio managers for resolution prior to final
2 program approval and launch.

3 **List options / specific levers to resolve or prevent overlap**

4 To resolve overlap effectively, SoCalGas applies several mitigation levers, such as:

- 5 • geographic segmentation,
- 6 • complementary measure mixes, and
- 7 • eligibility differentiation based on customer size or hard-to-reach status.

8 In coordination with POUs and water agencies, SoCalGas also works to identify potential
9 overlaps between its programs and those offered by these entities. Wherever feasible, SoCalGas
10 partners with POUs and water agencies to streamline or combine offerings and maintain a single
11 delivery channel implemented either by SoCalGas or the partner as the lead.

12 **Coordination with Market Transformation**

13 **9. Describe how the PA portfolio proposes to coordinate with Market**
14 **Transformation activities (i.e., CalMTA and TECH Clean California).**
15 **Specify if there are any programs or market transformation initiatives in**
16 **particular that are relevant.**

17 SoCalGas coordinates directly with California’s Market Transformation (MT) activities
18 to keep its energy efficiency portfolio aligned with other California MT efforts and to avoid
19 customer confusion. SoCalGas’s coordination primarily focuses on two entities: TECH Clean
20 California and the California Market Transformation Administrator (CalMTA). Each plays a
21 distinct role in shaping long-term market change, and SoCalGas engages through structured
22 processes, recurring venues, and defined advisory channels.

23 For TECH Clean California, SoCalGas monitors program activity and participates in
24 statewide coordination forums to understand market signals, incentive levels, and customer-
25 facing messaging. This coordination supports SoCalGas’s energy efficiency portfolio, while
26 remaining complementary to TECH’s electrification-focused scope. SoCalGas proposes a
27 stabilizing, fuel-neutral approach for heat pump water heaters and high-efficiency gas water
28 heating, with the intent of providing clear, consistent pathways for customers who cannot
29 electrify, while avoiding duplication with TECH’s offerings. Coordination occurs through
30 statewide implementer briefings, bilateral discussions, and periodic cross-utility alignment
31 meetings.

1 For CalMTA, SoCalGas participates in the Market Transformation Advisory Board and
2 contributes technical expertise on gas technologies, emerging opportunities, and potential future
3 initiatives. This engagement includes reviewing proposed Market Transformation Initiatives,
4 providing feedback on technology readiness, and identifying areas where short-term Resource
5 Acquisition programs can support long-term market development. SoCalGas has submitted
6 multiple concepts through CalMTA’s Request for Information process, including early-stage gas
7 heat pump technologies. At present, CalMTA’s approved initiatives¹⁴⁵ are electric-only and do
8 not overlap with SoCalGas’s energy efficiency portfolio. Coordination occurs through scheduled
9 advisory board meetings, working groups, and initiative-specific consultations.

10 Through these processes, SoCalGas maintains alignment with statewide Market
11 Transformation activities, avoids duplication, and supports customers in receiving consistent,
12 technology-appropriate guidance across programs.

13 **Coordination with Energy Savings Assistance (ESA) Programs**

14 **10. Describe coordination, procedures for referring customers, and avoiding** 15 **overlap with ESA program(s) available in the same geographic region.** 16 **Specify the ESA programs, as relevant, and the planned coordination.**

17 SoCalGas uses an ESA-first coordination structure to aid income-qualified customers in
18 receiving no-cost services before being offered energy efficiency options. The process begins
19 with a simple screen for ESA eligibility indicators, such as CARE enrollment or other qualifying
20 attributes. When those indicators are present, the energy efficiency program makes a warm
21 handoff to an authorized ESA contractor, who completes income verification and enrollment.
22 This approach directs eligible households to the ESA program at the outset, protects customer
23 access to no-cost measures, and maintains clear separation between the ESA and energy
24 efficiency portfolios.

25 Coordination extends into the field through Joint Neighborhood Sweeps.¹⁴⁶ ESA
26 canvassers and energy efficiency outreach teams align their schedules, target the same
27 neighborhoods, and coordinate customer engagement. If a resident does not qualify for an ESA

¹⁴⁵ D.25-11-023 approved the Room Heat Pump MTI and conditionally approved the Induction Cooking MTI.

¹⁴⁶ Joint Neighborhood Sweeps are ESA-only outreach events where SoCalGas’s ESA programs and ESA contractors canvass targeted areas together; they are not part of SoCalGas’s general energy efficiency programs, though non-ESA-eligible customers may be referred elsewhere.

1 or chooses not to enroll, the outreach team provides immediate information about relevant
2 energy efficiency offerings. This structure helps customers receive a clear pathway, a single
3 explanation, and a consistent sequence of services.

4 SoCalGas also uses a waitlist warm-handoff strategy when ESA programs face backlogs.
5 Customers are routed to low or no-cost behavioral programs and immediate rebates that preserve
6 future ESA eligibility. This keeps households engaged, avoids service gaps, and maintains
7 momentum while they wait for comprehensive ESA services.

8 Overlap is prevented through clear delineation of measure eligibility. ESA provides no-
9 cost weatherization and appliance upgrades for income-qualified households. The Equity Energy
10 Efficiency portfolio funds what ESA cannot offer, such as advanced HVAC controls for
11 multifamily common areas. This is intended to keep the programs additive, complementary, and
12 aligned with Commission expectations.

13 SoCalGas maintains coordination partnerships with POUs and water agencies, including
14 APU, RPU, and the MWD. These partners support ESA delivery in shared territories and help
15 create a seamless, one-stop-shop experience for customers. In these joint engagements,
16 customers are screened for multiple programs and receive services for which they qualify,
17 regardless of income level or utility provider. This coordinated structure strengthens the
18 customer experience, reduces confusion, and promotes eligible households receiving a full set of
19 available benefits.

20 **Coordination with Other Demand-Side Programs**

21 **11. [Unless addressed in the ESA or Market Transformation sections above,**
22 **describe how the PA proposes to coordinate its energy efficiency efforts**
23 **with CPUC-regulated DSM programs and other efficiency/DSM**
24 **programs administered by other state and local agencies (e.g., water),**
25 **and municipalities]**

26 **12. Other demand-side programs (demand response, etc.), including**
27 **EE/demand response technology integration efforts**

28 SoCalGas coordinates its energy-efficiency portfolio with other demand-side programs to
29 help customers find clear, consistent pathways across offerings. The structure is streamlined by
30 aligning with distributed generation, supporting demand response compatibility, integrating
31 renewable gas options, and connecting customers to statewide financing tools.

32 Through the Clean Energy Integration Program (CEIP), SoCalGas coordinates with the
33 Self-Generation Incentive Program (SGIP). The CEIP offers customers installing SGIP-funded

1 technologies with complementary energy efficiency measures that lower the baseline load and
2 enhance the performance and value of the generation asset. This pairing keeps projects
3 cost-effective and reinforces a unified customer experience.

4 While SoCalGas does not operate a demand response (DR) program, its energy efficiency
5 programs offer rebates for technologies with DR capabilities, such as smart thermostats. The
6 rebate is an energy efficiency offering, but the devices it supports are compatible with electric
7 DR programs. This creates a simple bridge between portfolios, allowing customers to adopt one
8 device that delivers efficiency savings today and enables DR participation where available.

9 SoCalGas also integrates its Voluntary Renewable Natural Gas tariff with its energy
10 efficiency programs. After completing upgrades, customers can choose to reduce the carbon
11 intensity of their remaining energy use through the tariff, creating a clear, stepwise path toward
12 deeper emissions reductions.

13 Financing coordination is managed through a combined internal and statewide structure.
14 AEs support On-Bill Financing for nonresidential customers, while statewide coordination with
15 the California Hub for Energy Efficiency Financing (CHEEF) provides GoGreen Home and
16 GoGreen Business. SoCalGas also offers On-Bill Repayment for nonresidential customers,
17 enabling repayment of third-party GoGreen loans directly on the utility bill. These can stack,
18 allowing customers to pair OBF for eligible measures with GoGreen financing for broader
19 scopes.

20 To support this coordination, SoCalGas uses Program Stackability Guides¹⁴⁷ for key
21 sectors such as Multifamily. These guides map how ESA services, energy efficiency rebates,
22 and financing products can be layered without conflict, providing SoCalGas with a clear
23 framework for presenting a comprehensive, streamlined value proposition to property owners.

24 **This should include coordination plans with building decarbonization programs.**

25 SoCalGas coordinates its energy efficiency portfolio with statewide decarbonization
26 efforts through a structured partnership among its energy efficiency programs and its Integrated
27 Infrastructure Planning and Strategic Planning efforts. This coordination supports the
28 Commission’s Building Decarbonization and Gas Planning proceedings and promotes the

¹⁴⁷ Program Stackability Guides are SoCalGas tools that outline how ESA, EE, and other customer programs may be combined or sequenced without conflict, helping customers get directed to the most appropriate offering.

1 deployment of efficiency measures that advance long-term decarbonization goals. The work is
2 grounded in SoCalGas’s ASPIRE 2045 strategy, which commits SoCalGas to achieving net-zero
3 greenhouse gas emissions by 2045.

4 As SoCalGas’s system planning identifies geographic zones where gas infrastructure is
5 constrained, SoCalGas prioritizes these areas for targeted energy efficiency interventions. The
6 objective is straightforward: reduce demand in locations where reductions provide the greatest
7 decarbonization value. By lowering consumption in these zones, energy efficiency supports the
8 state’s goals under SB 1477 and strengthens the foundation for future decarbonization pathways.

9 In parallel, SoCalGas’s Integrated Infrastructure Planning efforts are advancing the
10 directive in SB 1221 to evaluate non-pipe alternatives. These pilots assess whether a
11 combination of energy efficiency, zonal electrification, and clean fuels can defer or replace
12 traditional pipeline investments. Energy efficiency plays a central role in reducing baseline
13 demand and expanding the range of feasible alternatives. This coordination supports energy
14 efficiency measures that align with the state’s broader decarbonization strategy and are deployed
15 where they can have the greatest system impact.

16 SoCalGas also coordinates its energy efficiency portfolio with the Clean Fuels Network
17 initiative.¹⁴⁸ This alignment supports efficiency measures complementary to the responsible
18 deployment of renewable natural gas and hydrogen blending in sectors that are difficult to
19 electrify. By reducing overall consumption, energy efficiency can extend the value of limited
20 clean fuel supplies and support a balanced, technology-neutral approach to decarbonization.

21 In aggregate, these efforts create a unified framework in which energy efficiency serves
22 as a foundational tool for decarbonization, reducing emissions, supporting system reliability, and
23 aligning with the state’s long-term carbon-neutral policy direction while maintaining a clear and
24 consistent customer experience.

¹⁴⁸ A Clean Fuels Network is the system of infrastructure and technologies that leverages existing gas pipelines to deliver clean fuels such as renewable natural gas and hydrogen, support carbonmanagement solutions, and provide a costeffective, resilient pathway for achieving California’s 2045 carbonneutrality goals.

1 include non-regulated fuels, which would allow the installation of natural gas appliances already
2 on the market and ready to be installed into the existing portfolio. As a follow-up, the staff asked
3 SoCalGas whether data were available on the number of customers who may benefit from the
4 change to the fuel-switching policy, and SoCalGas committed to providing those numbers where
5 available. Examples of dual-fuel and carbon capture technologies were identified as likely to
6 require additional planning and tool development before they can be added to the portfolio.

7 SoCalGas acknowledged during the call that it's business application was prepared
8 independently of the current Viable Electric Alternatives (VEAs) proposal from Commission
9 staff as part of R.25-04-010. There is still uncertainty regarding how the proposal would directly
10 impact SoCalGas's portfolio. Until SoCalGas has a full understanding of the data used to
11 determine which appliance incentives would be impacted by VEAs, it is premature to make any
12 adjustments to the business plan. SoCalGas acknowledged that its application request is built on
13 the expectation that it will be able to adjust its offerings accordingly if incentives are affected
14 when a final decision on the staff proposal is issued.

15 ED Staff also noted the Application's focus on affordability and asked whether there was
16 sufficient budget flexibility to accommodate changes during the cycle. SoCalGas responded that
17 its proposal is similar to current portfolio spending and should still result in higher TSB than
18 current levels. The one caveat for satisfactory funding, SoCalGas noted, would be a significant
19 change in goals that cannot be projected at this time.

20 Response - As a result of these discussions, SoCalGas has added content to the Prepared
21 Direct testimony of Roy Christian, Chapter 11, identifying proposals that can be implemented
22 quickly, along with others that will require technical work and/or tool development. Chapter 11
23 of Exhibit 1 includes US Census Bureau data showing the percentage of residential homes that
24 use propane or wood for primary space heating. This provides general information on the
25 number of potential California residents who could benefit from replacing their existing heating
26 systems with natural gas or electric systems.

27 Additionally, ED Staff requested a more detailed breakdown of budget forecast by sector,
28 and SoCalGas has included this information as part of the Prepared Direct Testimony of Darren
29 Hanway in Chapter 6 of Exhibit 1 (SoCalGas's EE 2028-2031 Portfolio Plan and 2032-2035
30 Business Plan Portfolio Sector and Segment Strategy).

1 **Meeting with the California Efficiency + Demand Management Council (CEDMC)**

2 Summary - In February of 2026, SoCalGas had the opportunity to present its proposed
3 business application to many of the CEDMC board members. As stated on their website,
4 cedmc.org, CEDMC is a statewide trade association of non-utility companies that provide energy
5 efficiency, demand response and data analytics products and services in California. Member
6 businesses include implementation and evaluation experts, demand response companies,
7 engineering and architecture firms, data analytics firms, contractors, financing experts, energy
8 service companies, workforce training entities, and manufacturers of energy efficiency products
9 and equipment. As of March 2026, CEDMC has nine Sustaining Members and forty full
10 members.

11 During the call, the global topics included driving value in the portfolio, continuing to
12 contribute to the state’s decarbonization goals, and improving bill affordability for both
13 participating and non-participating customers, while maintaining a high bar for TSB and cost-
14 effectiveness. Other topics included the focus on water heating as an area where energy savings
15 can result in lower bills for participating customers, ten policy proposals being considered for the
16 application, including expansion of fuel substitution to include non-regulated fuels, the ability to
17 capture behind-the-meter methane reductions as part of program goals, and several suggestions
18 for administrative process improvement.

19 The CEDMC board members expressed appreciation for the willingness to meet before
20 SoCalGas filed its Application and offered support for the policies to expedite the solicitation
21 process. SoCalGas spent the majority of time on those policy proposals, noting that the current
22 timeframe to complete a solicitation takes 12-18 months from start to finish, prior to the launch
23 of a program. Multiple CEDMC board members opined that enabling programs to reach the
24 market faster should be a priority and agreed that SoCalGas should propose changes to accelerate
25 this process.

26 CEDMC members also had questions regarding the proposal to suspend the 60 percent
27 third-party implementation requirement and shift that to a target. SoCalGas took this opportunity
28 to confirm it’s continued commitment to partnering with third-party implementers and also to
29 reinforce SoCalGas’s commitment to working with electric and water entities. SoCalGas
30 highlighted partnerships with municipalities that include non-IOU ratepayer funding to install
31 lighting measures in the it’s service territory, along with cold-water savings measures that

1 resulted in an estimated 1.3 billion gallons of water saved annually.

2 Response - SoCalGas used feedback from CEDMC board members to further clarify its
3 third-party proposals and to indicate that it continues to expect partnerships with third-party
4 implementers to contribute to the overall portfolio’s success. While there were no specific
5 requests for changes to SoCalGas’s proposals, the meeting with CEDMC reinforced the
6 importance to make administrative improvements that speed up the solicitation timeline.
7 SoCalGas ended this meeting with a commitment to responding to any additional inquiries from
8 CEDMC regarding the application, and SoCalGas looks forward to providing those details as
9 needed.

10 **California Energy Efficiency Coordinating Council (CAEECC) Meetings**

11 Summary - SoCalGas had the opportunity to discuss its portfolio strategies at two
12 different CAEECC meetings during the development of this Business Plan. The first meeting
13 occurred in August of 2025, when strategic internal planning for the upcoming application was
14 still in its early stages, and the second took place in December of 2025, after four months of
15 planning had begun to shape the application more clearly. During the August 2025 CAEECC
16 meeting, stakeholders and the Energy Division staff emphasized affordability as a primary
17 concern for ratepayers. Participants asked questions about the cost-effectiveness of fuel
18 substitution measures, particularly considering recent updates to the energy efficiency measure
19 package that affected TRC test results. Stakeholders sought clarity on how PAs would balance
20 aggressive TSB goals with the responsibility of limiting participating and non-participating
21 customer costs.

22 During the Formal Energy Efficiency Business Plan Consult at the CAEECC December
23 2025 meeting, the Energy Division and other stakeholders had the opportunity to ask questions
24 about specific technical and policy elements of the Application discussed by SoCalGas.
25 Stakeholders requested clarification regarding the forecasted decline in TSB observed in the
26 2030-2031 timeframe. Additionally, stakeholders sought to understand how current policy treats
27 fuel switching from unregulated fuels to natural gas, noting that a lack of clarity hinders
28 decarbonization efforts for rural equity customers. Public stakeholders also requested detailed
29 information on the role of hybrid heating technologies in the SoCalGas-proposed portfolio’s
30 innovation and decarbonization strategy.

31 Response - Initial stakeholder feedback centered on affordability and cost-effectiveness

1 themes that directly influenced the final design of this business application. SoCalGas is
2 submitting an application that is in part focused on customer cost impacts and has incorporated
3 feedback from the August and December CAEECC meetings into its program and policy
4 proposals. The budget for the 2028-2031 program cycle is lower than the current authorized
5 funding, and projections result in more TSB than the current program cycle, while maintaining a
6 total portfolio TRC ratio of 1.51 and a Resource Acquisition TRC of 1.88.

7 In response to concerns raised at the December CAEECC meeting, SoCalGas clarified
8 that the projected drop in TSB for the 2030-2031 timeframe was based on the assumption that
9 ZEAS would reduce TSB that could be claimed in the residential sector. This TSB goal was set
10 prior to the CARB December 2025 meeting when an alternative compliance approach was
11 presented. This application reflects a level of TSB related to an assumed level of continued
12 installation of high-efficiency water- and space-heating appliances.

13 Questions from the CAEECC meeting also reinforced SoCalGas's inclusion in Chapter
14 11 of this testimony, a policy request to expand fuel-switching options and to include natural gas
15 appliances as replacements for charcoal and propane barbecues, as well as for wood-burning
16 fireplaces and stoves. Inquiries from these stakeholders also supported SoCalGas's request to
17 incorporate dual-fuel technologies into its portfolio, in line with its commitment to innovation
18 and decarbonization.

19
20
21

1 changing market and policy needs. It includes four- and eight-year outlooks, with flexibility to
 2 respond to emerging issues, regulatory direction, and programmatic opportunities.

3 The EM&V function plays a key role in contributing to the success and optimization of
 4 SoCalGas’s energy efficiency portfolio. By providing accurate, data-driven insights, EM&V
 5 helps validate program performance, identify opportunities for improvement, and support
 6 compliance with regulatory requirements. This process encourages the development of strategies
 7 that maximize cost-effectiveness and energy savings across the portfolio, consistent with
 8 Commission direction in R. 25-04-010 and the energy saving goals.

9 **Figure 9.1: SoCalGas EM&V led the following studies in the 2024-2027 cycle**

Name of the study	Impacts on Programs
Natural Gas Model Acceptance Criteria Research & Development	Improved and informed the Commission NMEC Rulebook around project eligibility criteria for Site Level NMEC. Impacted Residential and Non-Residential customers (commercial).
Strategic Energy Management (SEM) Market Expansion	Evaluated market readiness, customer capability, and participation potential, providing program staff with actionable intelligence to scale SEM offerings and better target industrial and commercial customers. Impacted Commercial customers.
Market Rate Non-Energy Benefits (NEB)	Quantified NEBs such as comfort, and affordability for market-rate customers. Since NEB factor into cost-effectiveness calculations, these insights will support program cost-effectiveness calculations and help programs highlight non-energy value propositions during customer engagement.
Water Heating	The water heating study will find the baseline for gas water heaters comparing the storage and tankless water heaters in SoCalGas’s

	<p>service territory. This study is a part of the Response to Recommendation of SoCalGas’s evaluation of the Residential Energy Efficiency program (REEP) for PY 2021. SoCalGas started this study in December 2025 and will be concluded in late June 2026.</p>
<p>Residential Fuel Cell Market Potential & Cost-Effectiveness</p>	<p>Evaluated the feasibility of residential fuel cell technologies to support decisions on program inclusion, incentive design, and long-term innovation pathways. The study focused on Single-Family and Multifamily (common-area) households, with particular emphasis on integrating fuel-cell heat recovery to support domestic water heating. Because only Solid Oxide Fuel Cells (SOFCs) can provide usable heat recovery, the analysis centered exclusively on SOFC systems. Incorporating heat recovery significantly improves overall system performance, resulting in fuel-cell installations achieving a cost-effectiveness ratio greater than one (1).</p>

1 Together, these studies provided program staff with actionable insights to enhance
2 measure offerings, refine customer targeting, improve cost-effectiveness, and guide technology
3 adoption.

4 Recent evaluations of energy efficiency programs, including Commission impact
5 evaluations for program years 2020-2023,¹⁴⁹ have informed SoCalGas’s EM&V plan and helped
6 shape SoCalGas’s approach to supporting the Commission’s three-segment portfolio
7 framework.¹⁵⁰ Program evaluations will be incorporated into reporting metrics to reflect

¹⁴⁹ CPUC Impact Evaluations, available at www.calmac.org.

¹⁵⁰ D.23-06-055 at 42-72, adopting three-segment portfolio framework (Resource Acquisition, Market Support, and Equity) and Awareness, Knowledge, Attitude and Behavioral indicators.

1 quantified values for program achievements and progress. These metrics include, but are not
2 limited to, customers' energy savings, TSB, cost-effectiveness ratios, and non-energy benefits,
3 with particular attention to examining the broader impacts delivered by Equity segment
4 programs. SoCalGas will continue to collaborate with the other PAs and the Energy Division to
5 carry out the tasks required to launch studies, hire consultants, engage stakeholders, and manage
6 related evaluation activities.

7 **EM&V 2028-2035 Goals and Strategy**

8 SoCalGas's EM&V strategy is built around three core goals that align with the
9 Commission's evaluation framework and the needs of the energy efficiency portfolio.

10 First, SoCalGas's EM&V function will inform portfolio design and management through
11 targeted studies and evaluations. This includes market assessments that analyze market
12 potential, technology adoption, customer energy use patterns, and participation barriers, as well
13 as process evaluations that conduct systematic reviews of program operations to identify
14 improvements and help facilitate program readiness for *ex post* evaluation. Process evaluations
15 may include evaluability assessments and pairing of process evaluations with early measurement
16 and verification studies, an approach for identifying data gaps in third-party programs before

17 **Commission-led impact evaluations commence.**

18 Second, SoCalGas will continue to collaborate with the Commission for accurate and
19 actionable *ex post* impact evaluations. SoCalGas will work closely with the Commission and
20 other stakeholders to support the development of ex-post evaluations that are relevant, timely,
21 and actionable. This collaboration includes reviewing study plans and reports, responding to
22 data requests, assisting with customer recruitment for studies, and providing input on evaluation
23 design and timing. As the portfolio is largely built on third-party program implementation,
24 consistent with Commission direction,¹⁵¹ SoCalGas recognizes the importance of helping third-
25 party implementers capture sufficient data to support *ex post* evaluation.

26 Third, SoCalGas will support the accuracy of *ex ante* claims through research and
27 activities to keep energy savings estimation methods and parameters current. Key initiatives
28 include refining TSB estimation methodologies and enhancing NMEC protocols. To maintain
29 accuracy of TSB and cost effectiveness, key parameters, including avoided and measure costs

¹⁵¹ D.18-01-004 at 57 (COL 11), at 61 (OP 3, 4).

1 will be updated to reflect evolving technology and market conditions. For population-level
2 NMEC programs, TSB shall be calculated utilizing randomized controlled trials or quasi-
3 experimental designs.¹⁵² Furthermore, maintaining key electronic systems and tools, such as the
4 California electronic Technical Reference Manual (eTRM), CEDARS, the Cost-Effectiveness
5 Tool (CET), and California Measurement Advisory Council (CALMAC), remains a priority to
6 facilitate data management and reporting. These foundational efforts extend to providing data
7 collection and measurement support for financing mechanisms, including On-Bill Financing.
8 For these programs, the tracking of measure installation, savings attribution, and post-installation
9 performance is needed to validate *ex ante* claims and support the Commission's *ex post*
10 evaluation framework.

11 These following sections summarize SoCalGas's planned energy efficiency EM&V
12 activities for the 2028-2031 portfolio cycle. SoCalGas plans to maintain the core objective of
13 evaluating, measuring, and verifying the performance and savings of its energy efficiency
14 programs while supporting the achievement of the Commission's savings goals, portfolio
15 segmentation, and other policy objectives. SoCalGas proposes the following areas of focus to
16 provide support for program segments and portfolio achievement. Individual studies will be
17 developed in detail as the PAs finalize their EM&V roadmaps. The activities described serve
18 SoCalGas-specific and/or statewide interests.

19 The Commission directed a lead IOU PA to solicit and hire, by no later than the end of
20 the first quarter of 2024, a project coordinator to develop a governance document and an annual
21 development plan for CEDARS, the CET, and other associated tools and calculators.¹⁵³ In
22 addition, the Commission directed an IOU PA to hire a web developer and a database
23 administrator to support and enhance the CEDARS website and databases, including the CET
24 and other portfolio tools. The CEDARS support contract will maintain and modernize the
25 CEDARS reporting system and prioritize improvements for reporting accuracy and clarity.

26 In accordance with Commission direction,¹⁵⁴ PG&E, as lead party, on behalf of the

¹⁵² CPUC NMEC Rulebook v2.1, at 13, *available at*: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/rolling-portfolio-program-guidance/nmec-rulebook-21-march-2025.pdf>.

¹⁵³ D.23-02-002 at 81-82 (OP 15).

¹⁵⁴ D.23-06-055 at 126-127 (OP 25).

1 energy efficiency PAs filed Advice Letter 4951-G/7344-E on August 1, 2024, for conducting
2 Awareness, Knowledge, Attitude and Behavioral (AKAB) surveys to collect information on the
3 17 Commission-adopted AKAB indicators¹⁵⁵ to help inform baselines and progress by the PAs
4 as well as setting of targets and goals for the Market Support segment. Following the
5 Commission’s acceptance of this advice letter, PG&E put a Residential sector study out to bid.

6 The vendor will conduct the residential survey component of the AKAB study, focusing
7 on energy efficiency products and services and capital access opportunities. The study’s primary
8 objective is to identify existing gaps and opportunities in energy efficiency products and
9 services, and to understand where additional market support is needed. The study will also seek
10 to provide insights into improving energy efficiency offerings for equity-targeted customers.
11 Given the potential to reduce administrative costs, the PAs have agreed to jointly implement the
12 study to collect data on the nine Market Support indicators for residential customers. The vendor
13 will field AKAB surveys for three distinct statewide residential customer groups: single-family
14 occupants, multifamily occupants, and multifamily property owners/managers across California.

15 Normalized Metered Energy Consumption (NMEC) Framework Modernization

16 NMEC is a Commission-approved methodology that quantifies site- or population-level
17 savings through regression analysis.¹⁵⁶ These analyses range from time-series consumption data
18 normalized for weather to more complex specifications that include confounding variables such
19 as occupancy and operating hours. NMEC supports transparent, data-driven attribution of
20 energy savings consistent with Commission requirements.

21 SoCalGas administers programs that require accurate attribution of gas savings for
22 regulatory compliance and incentive recovery. NMEC offers an opportunity to modernize gas
23 energy efficiency accounting by transitioning from deemed savings to performance-based
24 models. SoCalGas is improving its data and analytical procedures to be able to serve more
25 programs and customers. Current SoCalGas workflows for NMEC projects rely on an open-
26 source program, NMECR. NMEC is deployed in the statistical language R and enables the
27 execution of Commission-compliant NMEC models. These models need to be configured and

¹⁵⁵ D.23-06-055 at 63-64.

¹⁵⁶ CPUC NMEC Rulebook v2.1, at 5, (Site-level NMEC) and 13 (Population level NMEC), *available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/rolling-portfolio-program-guidance/nmec-rulebook-21-march-2025.pdf>*.

1 set up individually, and successfully using the tool requires understanding basic econometric
2 principles, building modeling skills to an intermediate level, and a basic understanding of the
3 programming language.

4 To address these areas and increase scalability, SoCalGas proposes to modernize its
5 NMEC framework through automation, training, and technical support. The scope of this
6 engagement includes three principal workstreams. First, the vendor team will deploy automated
7 processes for eligibility screening, baselining, and reporting, and standardize statistical modeling
8 through developing reproducible, version-controlled new NMECR environments to facilitate ex-
9 ante savings calculations that will benefit the workflow, version control, and standardized
10 regression templates. These templates will enable staff with a variety of technical skills to use
11 the tool for NMEC projects. SoCalGas will host this product within its secure database and
12 maintain it with automated logging and metadata for Commission auditability. Second, the
13 vendor team will facilitate a structured NMEC training curriculum and ongoing peer-learning
14 cohorts to provide support for EE programs, including the institutionalization of statistical
15 regression QA/QC protocols and cross-departmental review cycles. Finally, the team will
16 provide ad hoc support to staff and affiliates to help enhance NMEC offerings. This support may
17 include reviewing updated Commission documentation, requirements, templates, and guidance
18 for alignment with SoCalGas offerings; assessing the reasonableness of plans, proposals, and
19 tools submitted by NMEC third-party implementers; and evaluating software tools marketed to
20 improve NMEC program performance.

21 **eTRM and California Technical Forum (CalTF) Implementation**

22 Resolution E-5152 provides support for eTRM that may be considered either program- or
23 evaluation-related and therefore grants the IOUs the discretion to determine whether to
24 categorize the activity as program implementation or EM&V for budgeting purposes.¹⁵⁷
25 SoCalGas elects to categorize eTRM implementation support within its EM&V budget,
26 consistent with the approach taken in the 2024-2027 portfolio cycle. Additionally, Resolution E-
27 5221 further clarifies that the IOUs may fund both the CalTF and eTRM through program
28 budgets and/or evaluation budgets.¹⁵⁸ SoCalGas elects to categorize CalTF activities within its

¹⁵⁷ Resolution E-5152 at 26.

¹⁵⁸ Resolution E-5221 at 7.

1 PA EM&V budget for the 2028-2031 cycle.

2 **Measurement and Verification and Program Performance Monitoring**

3 SoCalGas's EM&V function will provide ongoing measurement and verification support
4 for the energy efficiency portfolio. The EM&V team, in collaboration with the programs' staff,
5 determines and reviews the inspection rates. This includes designing right-sized Measurement
6 and Verification (M&V) approaches depending on project scale—deemed savings for small,
7 standardized measures; billing analysis; and metered performance verification for larger custom
8 projects—as well as overseeing post-installation verification sample design strategies and
9 quantifying net savings by accounting for free-ridership and spillover effects. SoCalGas's
10 EM&V, Programs and Policy teams prepare a Response to Recommendations (RTR) following
11 the Commission's standardized process: once a final EM&V report is posted on the PDA
12 website¹⁵⁹, Commission staff notify the PA and start a 60-day clock (per D.07-09-043) for the
13 IOU/PA to submit an RTR table that addresses each finding and recommendation. The RTR
14 states the recipient, disposition (e.g., accept/reject/other), and planned next steps. SoCalGas is
15 current on all RTRs posted on the PDA website.

16 In addition, the EM&V function will support program performance monitoring and
17 continuous improvement by tracking and developing key performance indicators, identifying
18 underperforming measures or customer segments, and providing formative feedback during
19 program years rather than only at the conclusion of a program cycle. This real-time feedback
20 capability is important as SoCalGas's portfolio relies on third-party implementers whose
21 program designs may evolve during implementation.

22 SoCalGas's prior application proposed that the Commission work with PAs and
23 implementers to improve the timing of net-to-gross evaluations, which historically have been
24 conducted two to three years after project completion, creating a gap between project delivery
25 and evaluation. Commission staff have proposed enhancements to both the Custom and NMEC
26 evaluation processes, including conducting interviews while projects are still being implemented.
27 This improvement allows the evaluation team to speak directly with the staff who are most
28 familiar with the project's design, operations, and decision making. By capturing these insights
29 in real time, evaluators can more accurately determine project attribution, which in turn leads to

¹⁵⁹ <https://pda.energydataweb.com/#/>.

1 a more reliable and precise Net-to-Gross (NTG) ratio for each project.

2 SoCalGas continues to support this objective and will work with the Energy Division to
3 identify opportunities to improve the timeliness of program attribution assessment during the
4 2028-2031 cycle.

5 **Bill Impacts Studies**

6 Bill impact studies help SoCalGas understand how energy efficiency programs translate
7 into real bill outcomes for customers, especially across different socioeconomic groups. Unlike
8 traditional EM&V activities, which primarily focus on quantifying energy savings, bill impact
9 analysis considers customer affordability, equity, and distributional outcomes. These are areas
10 of growing importance given the Commission’s attention to rate impacts in R.25-04-010 and the
11 affordability directives of Executive Order N-5-24.¹⁶⁰

12 SoCalGas’s bill impact studies will assess how portfolio-level investments in energy
13 efficiency affect monthly gas bills for both participating and non-participating customers across
14 residential, commercial, and industrial rate classes. These studies will evaluate distributional
15 equity by analyzing bill impacts for disadvantaged communities, hard-to-reach customers, and
16 other underserved customer groups to determine whether Equity segment programs are
17 producing measurable reductions in energy burden for priority populations. The results will
18 inform program design by identifying the measures and delivery channels that yield the greatest
19 bill reduction per ratepayer dollar invested, supporting cost-effective portfolio optimization.
20 SoCalGas will coordinate bill impact research with the statewide AKAB effort and leverage its
21 billing data to provide granular, meter-level analysis.

22 **Distributed Energy Resources Market Studies**

23 SoCalGas’s EM&V driven market studies will include research designed to assess how
24 the adoption of Distributed Energy Resources (DERs) influences future natural gas demand and
25 identify the sectors and end uses where gas-based technologies offer high cost-effectiveness and
26 grid-support benefits. Gas energy efficiency technologies continue to deliver cost-effective
27 energy services across a broad range of mainstream applications, including residential and
28 commercial space heating, water heating, industrial process loads, and combined heat and power

¹⁶⁰ EO N-5-24 (Governor of California, 2024), requesting the CPUC to evaluate ratepayer-funded programs and identify opportunities to reduce electric costs. *Available at:* <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>

1 (CHP) systems. SoCalGas’s DER market studies will help quantify these contributions and how
2 energy efficiency and financing programs are designed with cross-sector system impacts in
3 mind. The EM&V function is well-positioned to manage DER market studies because it
4 operates independently from program delivery incentives, uses Commission-accepted analytical
5 methods, and can synthesize customer behavior, technology performance, and system-level
6 impacts.

7 **Microgrids and Multi-fuel Resilience Market Studies**

8 As California microgrids increasingly integrate electric loads, on-site generation, and gas-
9 fired or gas-enabled resources such as CHP systems, backup generators, and fuel cells, the
10 relevant EM&V research question shifts from whether microgrids reduce gas consumption to
11 how microgrids change the role and value of gas within a multi-energy reliability and resilience
12 framework. SoCalGas’s EM&V plan will support research designed to evaluate whether gas-
13 enabled resilience assets integrated into microgrids provide quantifiable system benefits that the
14 Commission should recognize in its cost-effectiveness and planning frameworks. The plan
15 includes examining the reliability value of gas infrastructure during grid outages and extreme
16 weather events, the incremental system benefits of pairing gas-enabled generation with energy
17 efficiency measures, and the appropriate methodologies for capturing resilience value in EM&V
18 and resource planning. These research questions are consistent with the broader policy
19 discussions in R.25-04-010 regarding the long-term role of gas infrastructure in California’s
20 energy system.

21 **Integrated Demand Side Management (IDSM) Market Studies**

22 SoCalGas’s EM&V plan will include studies that evaluate how gas energy efficiency
23 affects electric peak demand in an IDSM context, identifying climates, customer segments, and
24 end-uses where gas energy efficiency remains system-beneficial. Key research questions include
25 whether fuel cells should be paired with targeted energy efficiency requirements, whether fuel
26 cells perform better when combined with demand response and energy efficiency, and under
27 what conditions fuel cells produce system benefits recognized by the Commission. These studies
28 will support the integration of gas and electric system planning by providing evidence-based
29 analysis of cross-fuel impacts consistent with the Commission’s adopted TSB framework.¹⁶¹

¹⁶¹ D.21-05-031 (OP 1) defines the TSB as a bridge between energy savings and peak demand

1 **Portfolio-Wide Evaluation of Segment and Metric Performance**

2 SoCalGas will include in its EM&V plan portfolio-wide evaluations to assess whether
3 program outcomes meet the objectives established in the four-year and eight-year plans. These
4 evaluations will be structured around the Commission’s three-segment portfolio framework.¹⁶²
5 They will encompass the performance metrics the Commission uses to assess portfolio health.

6 For the Resource Acquisition segment, SoCalGas’s EM&V activities will track Total
7 TRC test and Program Administrator Cost (PAC) test ratios at both the portfolio and program
8 levels, consistent with the Commission’s requirement that cost-effectiveness ratios exceed the
9 TRC ratio of 1.0 on a prospective basis for this segment.¹⁶³ EM&V will also monitor first-year
10 and lifecycle energy savings and benchmark them against the Commission-adopted goals.¹⁶⁴
11 Societal Cost Test (SCT) results at both the base and high levels will be tracked consistent with
12 the CEDARS reporting framework, and Ratepayer Impact Measure (RIM) test results will be
13 monitored at the portfolio level to assess the relationship between portfolio costs and ratepayer
14 bill impacts, an area of particular importance given the Commission’s focus on affordability.

15 For the Market Support segment, SoCalGas’s EM&V function plans to evaluate progress
16 against the Commission-adopted AKAB indicators, drawing on the statewide Residential Sector
17 AKAB study described above, as well as any subsequent non-residential AKAB research. These
18 indicators provide the Commission and stakeholders with a structured basis for assessing
19 whether market support activities are influencing customer awareness, knowledge, attitudes, and
20 behavior regarding energy efficiency products and services.

21 For the Equity segment, EM&V plans to assess participation rates among disadvantaged
22 communities, hard-to-reach, and underserved customer groups to determine whether SoCalGas’s
23 equity programs are reaching priority populations and reducing energy burden. SoCalGas
24 recognizes that the Equity and Market Support segments are not subject to cost-effectiveness
25 requirements, but SoCalGas nonetheless intends to evaluate these segments as part of its
26 commitment to using ratepayer investments to deliver measurable results for the communities it
27 serves. The research on non-energy benefits will further inform the assessment of Equity

reductions.

¹⁶² *Id.*, (OP 2).

¹⁶³ D.21-05-031 at 75 (COL 8).

¹⁶⁴ D.25-08-034 at 27 (OP 1).

1 segment performance.

2 SoCalGas uses EM&V results as a primary input for ongoing portfolio management and
3 mid-cycle adjustments authorized under the rolling portfolio framework. When *ex post* impact
4 evaluations indicate that a program's realized savings deviate materially from *ex ante* estimates,
5 SoCalGas reviews the underlying measure assumptions, adjusts claimed savings parameters in
6 CEDARS, and, where warranted, modifies program design or incentive levels through the TUAL
7 or MCAL process. Programs that consistently underperform against their cost-effectiveness
8 targets may be candidates for restructuring, reduced funding, or closure in accordance with the
9 Commission's program closure procedures under D.21-05-031, Ordering Paragraph 12.

10 Programs that outperform expectations may receive increased budget allocations in subsequent
11 advice letter filings to maximize ratepayer value.

12 Process evaluation findings inform operational improvements on a shorter cycle. When a
13 process evaluation identifies barriers to customer participation, data collection gaps, or
14 implementation inefficiencies, SoCalGas works with third-party implementers to address those
15 findings within the current program year rather than waiting for the next portfolio application.
16 Net-to-gross evaluation results, once published by the Energy Division, are incorporated into
17 updated *ex ante* savings estimates for prospective cost-effectiveness screening, consistent with
18 Commission direction. Market study findings inform SoCalGas's measure mix, sector targeting,
19 and technology prioritization, and are reflected in implementation plan updates and advice letter
20 filings. This iterative feedback loop — from evaluation to portfolio action — positions ratepayer
21 investments toward the programs and measures that deliver the greatest verified value.
22 SoCalGas plans to conduct portfolio-wide evaluations on an ongoing basis and will inform mid-
23 cycle portfolio adjustments as authorized under the rolling portfolio framework. SoCalGas will
24 report the results through CEDARS and the annual reporting process and will make them
25 available to the Commission's Energy Division and stakeholders through CALMAC.

26 **EM&V Outlook for 2032-2035**

27 For the 2032-2035 period, SoCalGas anticipates that EM&V priorities will evolve in
28 response to results from the 2028-2031 evaluations, updated Commission direction on evaluation
29 methodologies, and ongoing market and technology developments. SoCalGas expects the
30 following areas to be particularly important during the second four-year period.

31 Savings persistence will require longitudinal evaluation as measures installed during

1 2028-2031 reach the later stages of their useful lives. This is especially important for behavioral
2 and NMEC-based programs, where savings persistence has historically been more difficult to
3 verify than equipment-based measures.

4 Market studies will also need to be updated as California progresses toward its 2045
5 carbon neutrality targets and as the Commission’s policies continue to evolve.¹⁶⁵ SoCalGas
6 anticipates that the gas efficiency opportunity landscape will shift during this period, reflecting
7 changes in appliance standards, building codes, and customer technology preferences. EM&V-
8 led market assessments will be necessary to keep portfolio design aligned with the measures and
9 strategies that deliver the greatest ratepayer value.

10 The statewide evaluation tools, CEDARS, the Cost-Effectiveness Tool, and eTRM, will
11 require continued investment and development to maintain the accuracy and transparency of
12 reporting and cost-effectiveness screening. SoCalGas will continue to fund its proportional share
13 of these tools and will participate actively in tool governance through the PCG. SoCalGas will
14 update its EM&V roadmap at the mid-cycle point to reflect any Commission direction issued in
15 R.25-04-010 or subsequent proceedings, helping keep the evaluation strategy responsive to the
16 regulatory environment.

17 **B. Provide PA/ED Budget Allocation and Justification**

18 The Commission allocates 4 percent of the total portfolio budget for EM&V activities,
19 divided between PA-directed and Energy Division-directed studies.¹⁶⁶ For the 2024-2027 cycle,
20 SoCalGas requested and received authorization for a 27.5 percent PA share of the total EM&V
21 budget, consistent with the level from the 2024-2027 cycle. For the 2028-2031 cycle, SoCalGas
22 requests that the PA share continue to be set at 27.5 percent of the total EM&V budget.

23 In accordance with Commission direction, PAs are authorized to request up to 40 percent
24 of the EM&V budget for specific purposes.¹⁶⁷ SoCalGas’s requested 27.5 percent share reflects
25 the budget necessary to support the evaluation activities described in this chapter while
26 maintaining sufficient resources for the Energy Division’s independent *ex post* evaluation
27 program.

¹⁶⁵ D.23-04-035 at 35 (OP 1).

¹⁶⁶ D.16-08-019 at 98 (FOF 22), at 112 (OP 15).

¹⁶⁷ D.16-08-019 at 112 (OP 16).

1 Conclusion

2 This EM&V plan plays a central role in adding reasonable assurance that SoCalGas’s
3 energy efficiency portfolio produces quantifiable, independently verifiable, and cost-effective
4 value for customers and the broader energy system. The approach is designed to remain
5 adaptable, enabling modifications in response to changing market dynamics, regulatory
6 direction, and programmatic priorities. SoCalGas will maintain a transparent EM&V process
7 with ongoing stakeholder engagement, including timely notice and coordination with the
8 Commission.

9 By emphasizing analytical discipline, adaptability to market conditions, and coordinated
10 evaluation, SoCalGas seeks to optimize the effectiveness of its energy efficiency investments
11 while advancing California’s energy and climate objectives.

12

DIRECT TESTIMONY OF SIMON CHENG

XII. CHAPTER 10: COST & COST RECOVERY (IOUS ONLY)

A. Describe Cost Recovery and Funding Mechanisms, including:

1. Revenue requirement forecasts and cost recovery strategies

The four-year portfolio plan for program years 2028-2031 includes a proposed SoCalGas budget of \$150 million annually, totaling \$600 million over the four-year period. This budget is offset by an estimated \$20 million in unspent and uncommitted funds being returned from the 2024-2027 business cycle, resulting in a total SoCalGas revenue requirement of \$580 million for the 2028-2031 business cycle. In addition, the four Regional Energy Networks (RENs) operating within SoCalGas service territory have provided \$103 million in revenue requirement for 2028-2031, based on information provided as of March 5, 2026. The total revenue requirement for 2028-2031 is \$683.4 million for SoCalGas and the RENs. Together, these amounts will result in gas rate increases phased in over the four-year period beginning January 1, 2028.

The four-year budget forecast for program years 2032-2035 includes a total SoCalGas portfolio budget of \$646 million. In addition, SoCalGas was provided \$128 million in revenue requirement by the four RENs for program years 2032-2035. The total revenue requirement forecasted for 2032-2035 is \$773.9 million.

SoCalGas is requesting an increase in Public Purpose Program (PPP) Surcharge revenue of \$8.2 million for 2028-2031 when compared to the annual total which is currently included in PPP rates as of January 2026, along with approval of its eight-year business plan and four-year program portfolio beginning in 2028.

Figure 10.1 - Proposed Requested Rate Increase by Customer Class

Customer Class	Current Rates	\$ Change	% Change	\$ Change	% Change
	(as of Mar. 2026)	(2028-2031 Average)	(2028-2031 Average)	(Peak Year 2031)	(Peak Year 2031)
	\$/th	\$/th	%	\$/th	%
Core-CARE					
Residential	\$1.645	\$0.000	0.0%	\$0.001	0.1%

Commercial/Industrial	\$1.238	\$0.001	0.1%	\$0.003	0.3%
Gas AC	\$1.853	\$0.011	0.5%	\$0.028	1.5%
Core-Non CARE					
Residential	\$2.092	\$0.000	0.0%	\$0.001	0.0%
Commercial/Industrial	\$1.579	\$0.001	0.1%	\$0.003	0.2%
Gas AC	\$2.149	\$0.011	0.5%	\$0.028	1.3%
Gas Engine	\$0.893	\$0.002	0.2%	\$0.003	0.4%
Natural Gas Vehicle	\$0.951	\$0.000	0.0%	\$0.000	0.0%
Noncore					
Commercial/Industrial	\$0.254	\$0.000	0.0%	\$0.000	0.1%

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If the request is approved, an average residential customer using 35 therms per month would see a monthly bill increase of approximately \$0.03. This reflects the peak-year increase in 2031. The actual impact will vary according to usage levels, baseline territory, and other factors.

SoCalGas proposes to continue to use balancing accounts for the cost recovery of its energy efficiency portfolio. SoCalGas’s energy efficiency portfolio costs are recovered through SoCalGas’s Demand-Side Management Balancing Account (DSMBA)¹, which is funded through the PPP Surcharge. The DSMBA is an interest-bearing balancing account recorded on SoCalGas’s financial statements. The primary purpose of the DSMBA is to record the difference between actual energy efficiency program costs incurred and the corresponding actual PPP revenue collections authorized in rates for SoCalGas’s energy efficiency and other DSMBA programs. For statewide programs, SoCalGas utilizes the Statewide Energy Efficiency Balancing Account (SWEEBA)² for tracking and recording program costs. Funds in SWEEBA

1 are sourced from participating IOU contributions to statewide programs led by
2 SoCalGas, with SoCalGas’s contribution funded through the DSMBA.

3 **2. Funding sources and administration of unspent funds**

4 SoCalGas’s current budget commitment process is developed in accordance with D.12-
5 11-015 and remains applicable to the four-year portfolio budget cycle.³ The four-
6 year framework provides structured flexibility to shift approved funds between years within
7 the portfolio period. At the end of each program cycle,
8 SoCalGas determines budget commitments on a per program basis that will need to be carried
9 forward into future years. SoCalGas generally defines a commitment as a program reservation
10 made by a customer, a financial obligation made to a customer, or a contractor through an
11 executed contract. A commitment is released when a customer drops participation in an energy
12 efficiency program, or a contractual obligation is released. Consistent with this process,
13 SoCalGas will identify any carry forward committed funds from the current 2024-2027 program
14 cycle and use them to fund the committed obligation when completed.

15 Consistent with D.12-11-015, approved funds that have neither been spent nor committed
16 at the end of the program cycle are returned to ratepayers by offsetting future revenue
17 requirements or are otherwise treated as directed by the Commission.⁴ For the current program
18 cycle, SoCalGas is including an estimated \$20 million in unspent funds in its revenue
19 requirement consistent with this process and as presented in its Mid-cycle Advice Letter
20 (MCAL) 6559-G filed on November 4, 2025, and plans to reconcile actual unspent funds through
21 a subsequent Tier 2 advice letter after the 2024-2027 program cycle ends.

1 **DIRECT TESTIMONY OF ROY M. CHRISTIAN**

2 **XIII. CHAPTER 11: RECOMMENDATIONS FOR NEW OR MODIFIED EE POLICY**

3 **Introduction and Overview**

4 SoCalGas appreciates the opportunity to provide recommendations to the Commission regarding
5 potential modifications to energy efficiency policy and program implementation. Drawing on its
6 experience as an energy efficiency Portfolio Administrator, SoCalGas offers the following
7 recommendations to improve program effectiveness, customer access, and regulatory efficiency. The
8 proposals are intended to help advance Commission priorities related to affordability and bill relief,
9 environmental benefits and decarbonization, and the reduction of administrative costs, while continuing to
10 deliver energy efficiency programs and meeting compliance requirements.

11 For clarity, each recommendation in this chapter is presented in a consistent structure that
12 includes a proposal or recommendation and a rationale. These sections collectively explain the policy
13 context, the justification for the proposed change, and how the recommendation advances key
14 Commission objectives. SoCalGas remains committed to working constructively with the Commission
15 and stakeholders on evolving policies that support efficient administration, improved customer access,
16 and stronger overall portfolio outcomes.

17 In addition to the proposals presented in this chapter, SoCalGas advances policy-related requests
18 in other chapters of Exhibit 1, summarized as follows:

- 19 • Consolidating programs with similar features into unified delivery structures that reduce
20 administrative complexity, align similar offerings, and provide customers with a clearer,
21 more streamlined path to relevant measures and services (Chapter 5).
- 22 • Modifying its statewide program policies (Chapter 5).
- 23 • Increasing the On-Bill Financing loan cap for non-institutional customers (Chapter 6).

24 **Modernizing the Commission’s Oversight Role**

25 **Proposal:** SoCalGas proposes modernizing the current oversight framework to strengthen
26 Commission visibility, sharpen portfolio performance, and advance ratepayer affordability. The current
27 PRG structure has reached its limits, and modernization is now warranted. SoCalGas recommends
28 sunseting the PRG advisory role for IOU third-party solicitations and replacing it with an Energy
29 Division-led, interactive portfolio-performance monitoring process conducted directly with each IOU.
30 This shift aligns oversight with the Commission’s evolving priorities and establishes a more coherent,
31 accountable, and data-driven model for managing the IOU energy efficiency portfolios.

32 After this oversight refinement, SoCalGas further recommends shifting the current 60 percent

1 third-party minimum threshold¹⁶⁸ to a 60 percent target. A target maintains the Commission’s intent to
2 rely on non-IOU providers while giving IOUs the flexibility needed to manage portfolios responsibly and
3 cost-effectively.

4 **Rationale:** In Decision 18-01-004, the Commission established the PRG and Independent
5 Evaluator functions to ensure fairness and transparency in IOU third-party energy efficiency program
6 solicitations.¹⁶⁹ The PRG role, originally developed in 2006, reflected concerns of that era about IOU
7 self-dealing, or giving favorability to affiliates or preferred vendors.¹⁷⁰ In 2018, the IOUs implemented
8 these directives by recruiting PRG members and assigning Independent Evaluators to support the
9 solicitation process.

10 Since then, the pattern has been clear. As the solicitation process matured, the number of IE-
11 identified issues declined, and IOUs increasingly relied on third-party providers to deliver the majority of
12 their portfolios. SoCalGas’s IEs have repeatedly affirmed that its solicitations are fair, transparent, and
13 structurally sound.¹⁷¹ At the same time, PRG participation has steadily declined, highlighting the need for
14 recalibration of a model conceived nearly two decades ago. PRG members have also informally
15 expressed interest to SoCalGas in monitoring ongoing program performance, and the Energy Division has
16 placed greater emphasis on real-time oversight, consistent with the State Auditor’s call for more active
17 Commission engagement.¹⁷²

18 Continuing with legacy structures would overlook the direction in which the work, the data, and
19 the Commission’s own objectives are moving. To encourage ongoing program innovation and
20 competition among the third-party community, SoCalGas imposes a contract term limit (no more than 8
21 years) and conducts an annual IDEEA 365 solicitation. SoCalGas also takes a collaborative business-
22 partner approach with third parties during the contracting and implementation phases to optimize program
23 design and delivery, advancing superior program performance. Because the solicitation process is now
24 stable and well understood, SoCalGas recommends sunsetting the PRG and IE roles and replacing them
25 with periodic Commission-led EM&V process evaluations modeled on prior third-party solicitation
26 studies.¹⁷³ The Commission EM&V study approach preserves oversight while reducing administrative

¹⁶⁸ Decision 18-01-004 at 15 (OP 1).

¹⁶⁹ *Id.*, (OP 3, 5).

¹⁷⁰ D.05-01-055 at 107-111.

¹⁷¹ Energy Efficiency Independent Evaluators’ Semiannual Report, Southern California Gas Company, Third-Party Energy Efficiency Program Solicitations, dated June 2025.

¹⁷² The California Public Utilities Commission, 2023-127 (March 18, 2025) at 27-25, *available at*: <https://www.auditor.ca.gov/reports/2023-127/>.

¹⁷³ Opinion Dynamics, *CPUC 3P Evaluation Report Final Report* (January 27, 2022) *available at*:

1 | burden and cost.

2 | **Enhancing Real-Time Oversight**

3 | To support the Commission’s increasing emphasis on ongoing performance monitoring,
4 | SoCalGas recommends quarterly ED–IOU performance meetings. These confidential one-on-one
5 | sessions can provide deeper, more candid discussions of portfolio progress. These meetings would also
6 | give the Energy Division a direct, unfiltered view of portfolio execution and enable earlier course
7 | corrections to align with Commission policies.

8 | Recognizing that this expanded engagement requires specialized expertise, SoCalGas proposes
9 | redirecting a portion of EM&V funding to secure consultants with direct experience in California energy
10 | efficiency portfolio administration. The added expertise would enhance the Energy Division’s ability to
11 | identify potential operational barriers, evaluate emerging opportunities, and provide informed guidance
12 | comparable to that currently offered by the IE role.

13 | **Resetting the 60 percent Minimum Threshold**

14 | The Commission also requires each IOU to commit at least 60 percent of its program budget to
15 | third-party implementers, a directive originally intended to broaden market participation and grow the
16 | third-party provider community, thereby allowing the IOU to place greater emphasis on portfolio design
17 | and management.¹⁷⁴ Today, much of SoCalGas’s portfolio is delivered through third-party providers,¹⁷⁵
18 | and SoCalGas believes the minimum threshold is no longer necessary. Replacing the minimum
19 | requirement with a 60 percent target that includes all competitively solicited portfolio and program
20 | services maintains the Commission’s intent while providing reasonable flexibility for portfolio
21 | administration.

22 | Collectively, these recommendations establish a modernized oversight framework that
23 | strengthens Commission visibility, supports ratepayer affordability, and positions the portfolio for
24 | responsible, high-performing management at a moment when evolution is both timely and essential.

25 | **Policy Changes to Fuel Switching Eligibility**

26 | **Proposal:** SoCalGas seeks to accelerate California’s progress toward statewide economy
27 | decarbonization goals by broadening the fuel switching policy to include the use of high-efficiency
28 | regulated fuel appliances as cleaner, safer alternatives to wood-burning, charcoal-burning, and

https://pda.energydataweb.com/api/view/2581/Opinion%20Dynamics%203P%20Evaluation%20Report_FINAL_2022-01-27.pdf.

¹⁷⁴ D.18-01-004 at 28.

¹⁷⁵ *Id.*, at 61 (OP 1).

1 propane devices. Adding energy-efficient regulated appliances in place of non-regulated alternatives can
2 also support reliability and bill savings, as demonstrated in the rationale below. SoCalGas does not
3 request additional funds and instead asks for the flexibility to add these measures to existing
4 programs. This proposal would specifically target existing IOU customers who would benefit from
5 replacing appliances that use non-regulated fuel sources.

6 **Rationale:** In D.19-08-009, the Commission contemplated and discussed fuel switching from
7 non-utility fuels to regulated fuels within energy efficiency programs.¹⁷⁶ NRDC, Sierra Club, and
8 CEDMC all advocated for the inclusion of non-utility fuels, and the Commission agreed, stating “...we
9 agree with NRDC, Sierra Club, and CEDMC that fuel switching may be in line with California’s
10 goals.”¹⁷⁷ As summarized on page 3 of the “SoCalGas San Joaquin Valley Disadvantaged Communities
11 Pilot Impact Evaluation,” SoCalGas found results that fuel switching has the potential to impact customer
12 affordability and decarbonization positively. Customers saved, on average, \$607 in annual energy costs
13 and reduced energy usage by 16 million MMBtus per household by switching from less efficient, higher-
14 cost, unregulated fuels to high-efficiency, regulated-fuel appliances.¹⁷⁸

15 SoCalGas proposes that the Commission allow energy efficiency incentives for customers who
16 are fuel-switching from an unregulated fuel to regulated fuels, including natural gas, when such fuel
17 substitution is aligned with the fuel substitution policies, namely that it does not harm the environment as
18 measured by increased GHG emissions.¹⁷⁹

19 California continues to move toward economy-wide decarbonization and should look to support
20 affordability broadly. By supporting customers in purchasing high-efficiency appliances, regardless of
21 the original fuel being replaced, the resulting GHG reductions from gas’s lower carbon intensity per unit
22 of delivered energy, as well as lower associated particulate matter and criteria pollutant emissions, can be
23 realized.¹⁸⁰ This supports both local air quality and statewide climate targets.

24 In response to a request from Energy Division Staff during our external engagement process,
25 outlined in Exhibit 1, Chapter 8, SoCalGas includes Figure 11.1 below, which demonstrates the

¹⁷⁶ D.19-08-009 at 12.

¹⁷⁷ *Id.*

¹⁷⁸ Evergreen Economics, *SoCalGas San Joaquin Valley Disadvantaged Communities Pilot Impact Evaluation* (August 26, 2025) at 3. Available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M579/K066/579066505.PDF>

¹⁷⁹ *Id.*, at 2.

¹⁸⁰ U.S. Environmental Protection Agency (EPA) (2025) “AVERT” section. Quantifying energy savings and greenhouse gas (GHG) reductions. Available at: <https://www.epa.gov/inflation-reduction-act/quantifying-energy-savings-and-greenhouse-gas-ghg-reductions>.

1 proportion of residential homes using propane and wood for primary space heating by region.
 2

Figure 11.1 - Residential Homes using Propane and Wood for Primary Space Heating

Region	Number of Homes in Region	Homes in Region (%)	Homes Using Propane (%)	Homes Using Wood (%)	Homes Using Propane/Wood (%)
Central Valley	2,970,989	22%	5.7%	2.3%	8.0%
Northern Coastal & Sierra	1,919,298	15%	4.6%	3.5%	8.1%
Southern Coastal	6,360,232	28%	1.8%	0.3%	2.0%
Southern Inland	1,973,029	15%	4.3%	1.2%	5.4%
Statewide Weighted Avg.			3.5%	1.3%	4.8%

3
 4 The figure above focuses only on space heating. It does not differentiate between residents who
 5 are currently IOU customers with one or more appliances powered by unregulated fuels and those who
 6 are fully reliant on unregulated fuels for energy. SoCalGas is only requesting to change the policy to
 7 support residents who are currently IOU customers, and even though that is not specified in the table
 8 above, the table shows that a large population of residents use unregulated fuels that could be eligible for
 9 replacement.

10 **Examples include, but are not limited to:**

- 11 • **Propane BBQ and Cooking Appliances:** SoCalGas incentivizes efficient freestanding
 12 and wall ovens that can replace propane ovens and stoves to support decarbonization and
 13 customer and ratepayer affordability. A new offering could be energy-efficient natural
 14 gas outdoor barbecues that improve outdoor air quality, particularly when replacing a
 15 charcoal grill. Charcoal grilling releases significant amounts of CO₂, particulate matter
 16 (PM_{2.5}), VOCs, Carbon Monoxide, nitrogen oxides, and trace metals. Propane grills are
 17 also a candidate for fuel switching, with the aforementioned GHG benefits.
- 18 • **Space Heating:** According to the 2024 American Community Survey, almost 10% of
 19 Californians use a fuel other than natural gas or electricity for their home heating.¹⁸¹ The
 20 most common non-regulated fuel is propane, with over 400,000 California households
 21 using propane for space heating. Switching from wood or propane to a natural gas
 22 furnace or woodstove has environmental, affordability, and health benefits (particularly

¹⁸¹ United States Census Bureau, available at:
[https://data.census.gov/table/ACSDT1Y2023.B25040?t=Heating+and+Air+Conditioning+\(HVAC\)&g=010XX00US\\$0400000&y=2023](https://data.census.gov/table/ACSDT1Y2023.B25040?t=Heating+and+Air+Conditioning+(HVAC)&g=010XX00US$0400000&y=2023).

1 for wood-burning) for customers. Natural gas emits 19% less CO₂^{182,183} to heat a home.
2 Propane furnaces are also often similar in size, ducting, and infrastructure, making them
3 easier to convert. Customers who use wood or pellet fuel for their primary heating are
4 good candidates for converting to a natural gas fireplace insert, as they are unlikely to
5 have the ducting needed for central natural gas or electric heating. Natural gas
6 consistently produces lower particulate emissions than even EPA-certified wood stoves.
7 According to the Puget Sound Clean Air Agency, an EPA Certified Woodstove can
8 produce 97 lbs. of annual pollution, compared to less than 1/6 of a pound from a gas
9 furnace or stove.¹⁸⁴ The average price per ton of pellet fuel is \$251.54,¹⁸⁵ with a
10 household using between 2 and 4 tons per year. The price of wood can vary, from
11 negligible for self-cut wood to \$350-\$550 per cord for delivered cut wood.¹⁸⁶ Converting
12 to natural gas heat will provide many non-energy benefits, from home air quality,
13 convenience, and safety.

- 14 • **Water Heating:** Propane is used for water heating by almost one million people in the
15 West Census Region,¹⁸⁷ and can often be a straightforward replacement project with a
16 natural gas storage tank or tankless water heater. As noted above, natural gas has a lower
17 carbon intensity and cost.

18 **Allow Behind-the-Meter Emission Mitigation**

19 **Proposal:** SoCalGas proposes that behind-the-meter (BTM) emission mitigation measures that
20 provide verifiable emission reductions should be eligible for incentives and claimed toward TSB targets
21 based on their avoided carbon value, to advance customer adoption of energy efficiency and reduce
22 customers' overall energy bills. Authorizing these decarbonization measures within the portfolio aligns
23 ratepayer investments with the state's climate goals, allowing customers to reduce their carbon footprint.

¹⁸² EIA, Carbon Dioxide Emissions Coefficients by Fuel, *available at:*
https://www.eia.gov/environment/emissions/co2_vol_mass.php.

¹⁸³ EIA, Short-Term Energy Outlook, Winter Fuels 2025-2026, *available at:*
<https://www.eia.gov/outlooks/steo/report/perspectives/2025/10-winterfuels/article.php#tab1>.

¹⁸⁴ EIA, Domestic sales and average price of densified biomass fuel, 2025, West Region October 2025,
available at: https://www.eia.gov/biofuels/biomass/#table_data.

¹⁸⁵ EIA, Domestic sales and average price of densified biomass fuel, 2025. West Region, October 2025,
available at: https://www.eia.gov/biofuels/biomass/#table_data.

¹⁸⁶ *See*, HomeAdvisor, How Much Does a Cord of Wood Cost in 2025?
<https://www.homeadvisor.com/cost/heating-and-cooling/firewood/>.

1 **Rationale:** Historically, energy efficiency programs have focused on reducing energy usage
2 alone. Taking this approach does not account for other ways energy use can be reduced
3 in customers’ homes and businesses that can help reach California’s decarbonization goals. As described
4 in SoCalGas’s Portfolio Strategies (Chapter 3 of Exhibit 1), BTM emission mitigation technologies, such
5 as refrigerant management and equipment that monitor appliance use, identify efficiency improvements,
6 and detect methane leaks requiring repair, offer verifiable emission-reduction solutions for all customer
7 segments.

8 Existing tools, such as the Refrigerant Avoided Cost Calculator (RACC), provide monetized TSB
9 estimates for emission-reduction strategies for high-GWP refrigerants. These tools can be easily used to
10 calculate the benefits of fugitive methane reduction strategies. Current energy-efficiency rules, which
11 require direct energy savings, do not incentivize the adoption of these emission-reduction
12 measures. Additionally, allowing SoCalGas to claim verified methane emission reductions associated
13 with customer leak mitigation and incomplete combustion toward its TSB goals would align
14 environmental performance with cost-effective program delivery.

15 Importantly, methane emission reductions achieved through verified repairs and equipment
16 upgrades would represent real, additional, and measurable environmental benefits. This change allows
17 the repair of customer facilities between the utility meter and the appliance to be added to the suite of
18 offerings that can contribute to emission-reduction results. Under the existing framework, there is no
19 clear path to providing timely repairs and to offering high-efficiency equipment upgrades that can deliver
20 meaningful emissions reductions, environmental benefits, and improved efficiency. These BTM emission
21 mitigation measures should be eligible for incentives and claimed toward TSB targets based on their
22 avoided carbon value, to advance customer adoption of energy efficiency and reduce customers’ overall
23 energy bills. Authorizing these decarbonization measures within the portfolio aligns ratepayer
24 investments with the state’s climate goals, allowing customers to reduce their carbon footprint.

25 **Policy to Allow Incentives for Installation of Natural Gas Generators for Vulnerable** 26 **Customers**

27 **Proposal:** SoCalGas proposes targeted incentives for the purchase of new or replacement
28 efficient natural gas standby or backup generators for residential and small commercial customers in Tier
29 2 and Tier 3 High Fire Risk Areas, as well as for customers enrolled in medical baseline territory-
30 wide. These incentives are intended to encourage the purchase of natural gas generators in place of more
31 carbon-intensive, less safe diesel and gasoline alternatives.¹⁸⁸

¹⁸⁸ “Burning natural gas for energy results in fewer emissions of nearly all types of air pollutants and carbon dioxide (CO₂) than burning... petroleum products.” EIA, Carbon Dioxide Emissions Coefficients, September 2024, *available at*:

1 **Rationale:** Customers in High Fire Risk Areas and customers with disabilities enrolled in the
2 medical baseline program have heightened vulnerability to power outages, either through more frequent
3 and prolonged electric outages and/or potentially greater consequences when outages occur. Efficient
4 natural gas generators provide the same essential resiliency function currently supported through diesel
5 and gasoline generator incentive programs administered by electric utilities, but with lower GHG
6 emissions, higher efficiency, and increased reliability.

7 For medically vulnerable households and small businesses in wildfire-prone
8 regions, maintaining access to safe, reliable electric power during outages can be essential for
9 resilience. This proposal aligns with the Commission’s direction¹⁸⁹ to prioritize equity and high-
10 risk communities and delivers backup generation options.¹⁹⁰

11 Additionally, electric customers are increasingly experiencing outages due to the prolonged
12 wildfire season and ongoing upgrades to the electric grid.¹⁹¹ In response, SCE offers incentives for Tier 2
13 or 3 High Fire Risk Area and other eligible customers to purchase these diesel and gasoline-powered
14 generators to allow them to maintain power during these extended outage events.¹⁹² A market report
15 states that in 2023, “California alone installed over 220,000 units in residential and emergency
16 services.”¹⁹³ Diesel and gasoline generators are better suited for shorter use and are less reliable than a
17 natural gas alternative that can sustain a household during a multi-day outage.

18 Efficient natural gas units provide the same essential function as diesel and gasoline generators,
19 but with lower emissions, stronger performance, and lower operational costs.¹⁹⁴ Natural gas generators

https://www.eia.gov/environment/emissions/co2_vol_mass.php “Burning natural gas for energy results in fewer emissions of nearly all types of air pollutants and carbon dioxide (CO₂) than burning... petroleum products.”

¹⁸⁹ D. 23-06-055 at 45.

¹⁹⁰ SGIP Equity Resilience Budget Eligibility Matrix – Residential (Updated October 2020), Attachment A, available at: <https://www.cpuc.ca.gov/sgipinfo/>.

¹⁹¹ R.18-12-005 at 15.

¹⁹² Dewalt 7.5 Portable Generator - DXGNR6500.

¹⁹³ Market Growth Reports, *Emergency Power Generators Market Size, Share, Growth, and Industry Analysis, By Type (Diesel Generator, Gas Generator, Others), By Application (Residential, Commercial, Industrial), Regional Insights and Forecast to 2035* (February 9, 2026), available at: <https://www.marketgrowthreports.com/market-reports/emergency-power-generators-market-106858>.

¹⁹⁴ Generac Power Systems. Environmental & Regulatory Advantages of Natural Gas Generators. Natural gas generators burn cleaner than diesel, producing substantially lower NO_x, CO, and particulate matter, and virtually no SO₂. They also reduce greenhouse gas emissions relative to diesel. Lower fuel costs and cleaner combustion also reduce operational expenses and maintenance needs. Additionally, natural gas generators benefit from existing pipeline infrastructure, which decreases fueling costs and logistical burden.

1 often serve as standby generators, meaning they are always connected to the home and will turn on via an
2 automatic or manual transfer switch when needed. For customers on the medical baseline program who
3 may be elderly and/or have limited mobility, this supports the safe and reliable start-up and operation of
4 the backup power. Further, a natural gas standby generator that is professionally installed can be placed
5 safely away from the home. About 100 deaths in the US occur annually from carbon monoxide
6 poisoning, almost all of them resulting from the improper placement of portable generators too close to
7 the home or operating them indoors.¹⁹⁵

8 Incentivizing efficient natural gas generators as alternatives to gasoline and appliances in these
9 circumstances aligns with the Commission’s safety priorities and objectives of decarbonization and
10 reliability, providing immediate health and safety benefits, potentially to vulnerable populations.¹⁹⁶ This
11 proposal also aligns with the Commission’s direction to prioritize equity and high-risk communities¹⁹⁷ by
12 offering efficient, economical, and lower-emission alternatives for vulnerable customers.

13 **Consolidate Pilot Requirements**

14 **Proposal:** Consolidate or replace pilot requirements in D.09-09-047 with those in the current
15 Commission Implementation Plan Template Guidance (IP Guidance).

16 **Rationale:** The IP Guidance mandates pilot requirements that closely parallel those established in
17 D.09-09-047.¹⁹⁸ Redundancies include requirements for a narrative hypothesis, innovative program
18 design or approaches, budget limits, metrics, evaluation measurement & verification, and reporting. The
19 Commission has already acknowledged this redundancy, most recently when approving a PG&E advice
20 filing by granting a waiver under the EE/IDER framework due to overlapping pilot requirements.¹⁹⁹
21 Consolidating or replacing the pilot requirements in D.09-09-047 with the 2025 version of the IP
22 Guidance would allow the Commission to eliminate redundant compliance directives and retain only the
23 program elements necessary for effective Commission oversight.

¹⁹⁵ U.S. Consumer Product Safety Commission, *Fatal Incidents Associated with Non-Fire Carbon Monoxide Poisoning from Engine-Driven Generators and Other Engine Driven Tools, 2012–2022* (July 2023), available at: <https://www.cpsc.gov/s3fs-public/Generators-and-OEDT-CO-Poisoning-Fatalities-Report-2023-final.pdf?VersionId=40Fh0HpOo9Qm.UhT2hGJHFdLPJTyZK7E>.

¹⁹⁶ California Public Utilities Commission, *About the CPUC – Our Mission*, stating that the Commission’s mission is to “empower California through access to safe, clean, and affordable utility services and infrastructure.” Available at: <https://www.cpuc.ca.gov/about-cpuc/cpuc-overview/about-us>.

¹⁹⁷ D. 23-06-055 at 45.

¹⁹⁸ D.09-09-047 at 48-49.

¹⁹⁹ “The parameters laid out in D.23-06-055 and associated ED Guidance sufficiently address the spirit and intent of the D.09-09-047 pilot program criteria.” Resolution E-5387 (COL 4).

1 **Include Permanent Medical Baseline Customers in Hard-to-Reach Definition**

2 **Proposal:** Include permanent medical baseline customers in the Commission’s current definition
3 of HTR²⁰⁰ with their status as the sole criterion for HTR consideration.

4 **Rationale:** Medical Baseline (MBL) customers are those who have been certified by a medical
5 professional as requiring additional energy due to a health condition or a life-support device. Given the
6 rising number of PSPS events caused by ongoing wildfire risks and major electric grid upgrades,²⁰¹
7 permanent MBL customers are likely to face more frequent and longer power outages. These conditions
8 make it even more important to recognize the heightened vulnerability of MBL households and allow
9 them to receive reliable support. These customers would benefit from services and incentives that help
10 insulate or improve home heating, as they often experience temperature sensitivity. With approximately
11 36,000 MBL customers in SoCalGas’s service territory, expanding the HTR designation to include this
12 population would enable SoCalGas to more effectively direct energy efficiency resources to them. Of
13 these customers, about 20,000 are enrolled in the CARE program for bill assistance; however, only
14 roughly 5,400 have qualified for and received Energy Savings & Assistance (ESA) Program services
15 since 2020. As a result, more than 30,000 customers remain eligible for targeted energy efficiency
16 offerings. Unfortunately, as the Center for Accessible Technology noted, MBL customers, despite being
17 a clearly identified group, are not explicitly targeted in energy efficiency programs today, and there is no
18 direct or intentional effort to address their unique energy needs.²⁰²

19 Explicitly recognizing MBL customers as part of the HTR designation will prompt Portfolio
20 Administrators and implementers to design targeted outreach and delivery strategies that bring the MBL
21 customers into energy efficiency programs at scale. The proposed addition to the HTR definition would
22 not alter existing MBL customer eligibility, benefits, tariff structures, or any other benefits they
23 receive. SoCalGas believes this is a straightforward improvement to the HTR definition that could
24 provide an opportunity to advance equity, resiliency, and participation in energy efficiency programs,
25 exactly the outcomes the Commission has prioritized.

26 **Simplify the Equity Definitions**

27 **Proposal:** SoCalGas proposes a simplified, geography-based eligibility framework to identify
28 Equity customers across the Underserved, HTR, and DAC categories. This framework would rely
29 primarily on zip code, customer class, and publicly available indicators already maintained in utility

²⁰⁰ *Ibid*, Section 7.3 at 49-54.

²⁰¹ California Public Utilities Commission. Public Safety Power Shutoffs (PSPS) – History and Background, available at: <https://www.cpuc.ca.gov/PSPS/>.

²⁰² R.25-04-010, Center for Accessible Technology’s Comment on Order Instituting Rulemaking at 2.

1 billing systems, providing clear definitions and readily accessible data for verifying eligibility. A
2 straightforward, easy-to-administer structure would support consistent identification of Equity customers
3 and improve program delivery across portfolios.

4 **Rationale:** The current Equity definitions, drawn from multiple statutory sources and tied to
5 complex data-validation requirements, have become increasingly difficult to administer. In many cases,
6 verifying eligibility requires access to confidential information that cannot be easily shared or validated,
7 creating administrative challenges, slowing program delivery, and complicating Commission oversight.
8 A simple, straightforward method would reduce administrative burden, improve accuracy, and support the
9 Commission's efforts to allow these customers to participate more easily and consistently.

10 For Underserved customers, the definition adopted in D.23-06-055²⁰³ relies on layered references
11 to state and federal classifications that are difficult to interpret and apply consistently across residential,
12 commercial, industrial, agricultural, and public sector customers. Shifting to geography- and customer-
13 class-based criteria would allow PAs to apply uniform rules across sectors, automate eligibility checks
14 using existing billing system data, and provide more consistent tracking and reporting.

15 For HTR customers, the Commission's recent update²⁰⁴ appropriately expanded eligibility to
16 local governments that meet geographic criteria. Extending the same geographic logic to public school
17 districts and state and federal facilities would create a coherent and equitable framework for similar
18 public institutions. These adjustments support a more predictable, implementable, and scalable HTR
19 definition.

20 By contrast, the DAC definition already functions more effectively because zip-code-based
21 eligibility can be verified directly through utility billing systems, offering clarity and consistency while
22 minimizing manual validation. Aligning the Underserved and HTR definitions with the DAC model
23 would allow all three equity groups to be administered using the same core data sources, verification
24 approach, and tracking infrastructure.

25 A streamlined approach that relies on zip code, customer class, other publicly available sources,
26 and/or data currently maintained in utility billing systems would preserve the Commission's policy
27 intent while reducing monitoring and reporting cost burdens for PAs, implementers, and the Commission.
28 Most importantly, it would give customers a clearer, more intuitive understanding of their eligibility,
29 allowing them to participate in equity programs without having to navigate multiple overlapping and
30 inconsistent screens.

31

²⁰³ D.23-06-055 at 114-115 (COL 31).

²⁰⁴ *Id.*, at 115-116 (COL 33).

1 **Review the Ratepayer-Funded Energy Efficiency Administrative Infrastructure**

2 **Proposal:** SoCalGas requests that the Commission undertake a comprehensive review of the
3 ratepayer-funded administrative infrastructure supporting the energy efficiency portfolio, including
4 stakeholder coordination bodies, technical forums, and data management platforms. As part of this
5 review, SoCalGas recommends that the Commission complete the transition of the California electronic
6 Technical Reference Manual (eTRM) to the Commission’s Energy Division, consistent with the pathway
7 established in Resolution E-5082 and the commitment set forth in Resolution E-5152.

8 **Rationale:** When the Commission reset the energy efficiency portfolio framework in D.21-05-
9 031, it restructured program segmentation, adopted the TSB metric, and reformed the deemed measure
10 development and approval process.²⁰⁵ These changes were significant and appropriate. At the same time,
11 a broader set of ratepayer-funded administrative functions, including technical forums, stakeholder
12 coordination bodies, data management platforms, and advisory committees, has continued to grow in
13 number, scope, and cost. Many of these functions have delivered valuable contributions to the portfolio,
14 including the development of the eTRM, which now serves as the statewide, publicly accessible
15 repository for all Commission-approved energy efficiency measure packages.²⁰⁶

16 In light of ongoing ratepayer affordability concerns, a reassessment is needed to determine
17 whether these functions continue to align with the Commission’s priorities. EO N-5-24 requests the
18 Commission to evaluate ratepayer-funded programs and identify opportunities to reduce costs for
19 California customers.²⁰⁷ The State Auditor found that the Commission could strengthen its monitoring of
20 energy efficiency program performance and cost-effectiveness.²⁰⁸ SoCalGas respectfully submits that
21 these directives should extend not only to PA program delivery, but also to the ratepayer-funded
22 regulatory requirements that operate alongside the portfolios. A review examining scope alignment, cost-
23 effectiveness, potential redundancies, and accountability to the Commission would apply the same
24 principles of transparency and fiscal discipline that the Commission expects of its PAs.

25 With respect to the eTRM specifically, Resolution E-5082 directed the IOUs to fund eTRM
26 development while contemplating Commission ownership following completion of Phase 1 and Phase 2
27 activities.²⁰⁹ Resolution E-5152 went further, stating that the Energy Division would “own and manage

²⁰⁵ D.21-05-031 at 9, 22-24, and 80-84.

²⁰⁶ Resolution E-5152 at 8.

²⁰⁷ EO N-5-24 (Governor of California, 2024), (OP 2), *available at*: <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>.

²⁰⁸ The California Public Utilities Commission, 2023-127 (March 18, 2025) at 2-3, *available at*: <https://www.auditor.ca.gov/reports/2023-127/>.

²⁰⁹ Resolution E-5082 at 10-11.

1 the eTRM indefinitely, including vendor contracting, funding, development and maintenance” once the
2 Commission’s information technology procurement was in place.²¹⁰ This was anticipated to be secured in
3 2022.²¹¹ When stakeholders raised questions about eTRM management and funding during the
4 subsequent update cycle, the Commission deferred, noting that the issue “may be addressed [in] a
5 Decision separate from this DEER Resolution” within R.13-11-005.²¹² That rulemaking has since closed
6 without a decision on eTRM management.²¹³

7 In the interim, the Commission authorized the IOUs to fund the California Technical Forum
8 (CalTF) and the eTRM from their program or evaluation budgets,²¹⁴ and the most recent DEER resolution
9 directs the IOUs to continue identifying funding sources for eTRM and CalTF in their mid-cycle advice
10 letter filings.²¹⁵ The eTRM is now a mature, critical regulatory platform designated by the Commission
11 as the official data source of record, but its ongoing maintenance and development remain managed by a
12 third party,²¹⁶ funded by the PAs, and co-funded by entities outside Commission jurisdiction.²¹⁷

13 Completing the transition would allow the Commission to integrate measure package
14 development, maintenance, program performance monitoring, and evaluation activities within a single
15 framework. It would also position the Commission to integrate the eTRM with
16 CEDARS.²¹⁸ Centralizing these functions under Commission oversight would strengthen version
17 control, reduce administrative burden to PAs, and support the Commission’s capacity to provide
18 timely and accurate oversight of portfolio performance.

19 **Claiming Total System Benefit Achievement**

20 **Proposal:** SoCalGas requests for the Commission clarify that TSB generated by non-IOU
21 Portfolio Administrators is credited toward the IOU’s TSB goals. Since TSB goals are established at the
22 service-territory level, TSB produced by RENs or CCAs within that territory should appropriately accrue
23 to the IOU’s achievement.

²¹⁰ Resolution E-5152 at 9.

²¹¹ *Id.*

²¹² Resolution E-5221 at 26.

²¹³ R.13-11-005 closed January 2025 with no Decision on eTRM management or ownership transition issued.

²¹⁴ Resolution E-5350 at 6.

²¹⁵ *Id.*

²¹⁶ *Id.*

²¹⁷ Resolution E-5152 at 7.

²¹⁸ *Id.* at 9.

1 **Rationale:** In Decision 21-05-031, the Commission replaced traditional energy savings goals
2 with the TSB metric²¹⁹ and made clear that any TSB produced by programs within an IOU’s portfolio
3 would count toward that IOU’s targets.²²⁰ The Commission has since updated TSB goals for each IOU
4 through 2037.²²¹ However, these decisions do not explicitly address whether TSB generated by non-IOU
5 Portfolio Administrator portfolios, when funded by an IOU, also counts toward the IOU’s TSB
6 achievement.

7 Because the Commission sets TSB targets across the entire IOU service territory, SoCalGas
8 requests clarification that TSB produced by non-IOU PA energy efficiency portfolios and funded by
9 SoCalGas ratepayers appropriately contributes to meeting the IOU’s TSB targets. This clarification
10 supports consistent accounting, accurate performance assessment, and alignment with the Commission’s
11 intent for territory-wide TSB goals.

12 **Reaffirm the DEER Bus Stop Schedule and Workpaper Review Timelines**

13 **Proposal:** SoCalGas requests for the Commission to reaffirm its commitment to the interim
14 approval protocol outlined in Resolution E-5152, so that measure packages submitted with complete
15 documentation receive timely disposition or default to interim approval within the established 35-
16 calendar-day review window. Adherence to this timeline is critical for maintaining regulatory
17 consistency and enabling PAs to incorporate approved measures into portfolio planning and claims with
18 confidence.

19 To further enhance review efficiency and resource prioritization, SoCalGas proposes a tiered
20 review framework that calibrates the level of scrutiny based on each measure’s projected impact on
21 portfolio claims, similar to the tiered Custom measure review framework.²²² Measures with high
22 adoption potential or significant influence on TSB would undergo elevated review, while low-impact or
23 niche measures would follow an expedited pathway. This approach aligns regulatory responsibility with
24 portfolio risk and value, supports the timely deployment of measures, and reinforces the Commission’s
25 commitment to cost-effective oversight and ratepayer benefits.

26 **Rationale:** The Commission, in Decision 21-05-031, intended to modernize and oversee the
27 deemed *ex ante* workpaper submission and approval process through the DEER Resolution framework.

²¹⁹ D.21-05-031 at 80 (OP 1).

²²⁰ “Finally, because programs in all categories may lead to measurable energy savings, we clarify that the claimed energy savings from all categories of programs may be used to show progress towards achievement of energy efficiency goals for the program administrators.” D.21-05-031 at 17.

²²¹ D.25-08-034 at 27 (OP 1).

²²² Resolution E-5115 at 31.

1 In line with this directive, Resolution E-5152 (Section B.3) introduces procedural updates to the review
2 timeline for measure packages.

3 Under the updated protocol, once a measure package is resubmitted with all necessary
4 documentation, the Commission has a 35-calendar-day review period starting on the resubmission date.
5 If the Commission does not issue a formal decision within that period, the measure package will
6 automatically receive interim approval. This provision allows for procedural certainty, streamlines the
7 review process, and supports the timely implementation of energy efficiency measures
8 while maintaining regulatory oversight.

9 Many of the Program Year 2026 measures, initially slated for approval via the DEER2026
10 Resolution E-5350, in alignment with the timing of the 2025 P&G study, MCAL forecasting,
11 and subsequent 2026-2027 portfolio claims, remained unauthorized well past the established deadline and
12 sometimes into 2026, despite being scheduled for finalization in late 2024. This delay
13 constrains PA's ability to incorporate updated measure assumptions into portfolio forecasts and cost-
14 effectiveness modeling. Although the policy from E-5152 states that measures that are not issued a
15 formal decision within 35 days shall receive interim approval, no measure has received interim approval
16 since the eTRM became the data source of record. The eTRM now serves as the Commission's
17 authoritative source for claim validation, and no measure may be used in claims unless it has received
18 formal Commission approval and is published in the eTRM. To improve timeliness and reduce
19 administrative burden, SoCalGas recommends that the eTRM automatically grant interim approval 35
20 days after a measure is submitted.

21 The extended review timelines for measure packages have exceeded the procedural
22 benchmarks established in prior Commission resolutions. One such example is the Space Heating Boiler
23 measure package (SWHC004-07). This measure was updated for PY2026 per the DEER2024 Resolution
24 E-5221 to update the modeling to EnergyPlus and to update cost and data fields, and was submitted for
25 review on April 30, 2024. However, this measure did not receive *ex ante* review comments and feedback
26 until December 4, 2025. Without timely disposition of measure packages, PAs face increased risk of
27 misalignment with Commission goals, reduced forecasting accuracy, and diminished confidence in the
28 regulatory schedule.

29 Affirming the interim approval pathway for energy efficiency measure packages
30 would expedite the workpaper review process, alleviate administrative bottlenecks, and facilitate more
31 timely integration of new technologies and innovative strategies into energy efficiency portfolios. For
32 example, SoCalGas submitted a new measure for an Aquanta smart thermostat (SWWH035-01) to the
33 Commission for review on May 7, 2025, and it received *ex ante* review comments on September 19,
34 2025. Prior to submission, this measure had gone through the CalTF new measure screening committee

1 and received approval, as well as multiple rounds of informal feedback through the Measure Package Plan
2 process. Similarly, the Pasta Cooker (SWFS033-01) was submitted to the Commission for review on
3 August 28, 2024, after going through the CalTF new measure screening process, and received *ex ante*
4 review comments on February 24, 2025.

5 Recent analysis from the CalTF shows that a small percentage of measure packages account for
6 the majority of claims by Portfolio Administrators.²²³ By calibrating the measure package review to the
7 projected impact on claims, it would correspond to the risk to ratepayers. This would allow measure
8 packages with low uptake to pass through the review process more easily, helping to minimize potential
9 backlogs. An added benefit of this strategy would be the ability to allow new measures for nascent
10 technologies to enter the portfolio more quickly and easily, while maintaining analytical focus on
11 measures that make up the majority of claims. This procedural certainty enables Portfolio Administrators
12 to deploy energy efficiency measures without undue delay, while preserving regulatory safeguards
13 through existing documentation and review protocols.

14 **Bifurcate the DEER Resolution into Two Resolutions**

15 **Proposal:** To provide procedural clarity and planning certainty, SoCalGas proposes splitting the
16 DEER resolution into two separate, focused resolutions. The first resolution, issued early in the year,
17 would guide updates to measure packages, including methodological adjustments, data inputs, and review
18 protocols, to support PA development and forecasting efforts.

19 The second resolution, released later in the year, would finalize measure package versions for use
20 in P&G modeling, business plan submissions, and portfolio claims. This two-step approach would
21 prevent timing conflicts, strengthen version control, and give PAs a stable, predictable basis for
22 compliance, forecasting, and performance reporting. It also aligns with the Commission's goal of
23 streamlining regulatory processes while maintaining analytical rigor.

24 **Rationale:** The measure package locking protocol established in D.21-05-031 was designed to
25 improve consistency across portfolio planning, forecasting, and claims.²²⁴ However, its implementation
26 has proven challenging due to timing conflicts within the same resolution, as a DEER resolution both
27 directs revisions to deemed measures and approves those updates. This dual role creates procedural
28 ambiguity, requiring PAs to forecast which updates will be directed to measure packages before the
29 release of the DEER resolution, since that resolution also approves the measure package with those

²²³ CalTF Technical Forum Meeting (July 2024) Slide 21-22, *available at*:
https://static1.squarespace.com/static/53c96e16e4b003bdba4f4fee/t/667d0fac218d0a1a9eb481db/1719472045510/Cal+TF_EE+Portfolio+Data+Analysis+Key+Challenges_TF_2024-06-27.pdf

²²⁴ D.21-05-021 at 39.

1 updates.

2 For example, the DEER2026 Resolution E-5350 was supposed to lock PY2026-2027 measure
3 packages for use in the Potential and Goals study and MCAL forecasting. However, over 20 of the
4 measure packages listed in Appendix A2,²²⁵ which were supposed to be locked for planning, are flagged
5 as “PY2026 measure package under review and not yet approved”. This further compounds planning, as
6 the 2025 Potential and Goals study had to use older measure data to establish goals, while the updated
7 measure package will be used for claims in 2026.²²⁶ Because some measure packages were not approved
8 in time for the Mid-cycle Advice Letter forecasting in late 2025, the Energy Division had to provide
9 guidance on which measure to use for forecasting, rather than using the locked versions from the DEER
10 resolution.²²⁷ Properly sequencing Commission approvals and updates to instructions is essential
11 to maintaining the integrity of the locking mechanism and supporting timely, compliant portfolio
12 execution.

13 A timely review and approval process would provide Program Implementers with a reliable
14 framework to guide updates to program forecasts and deployment strategies. By establishing predictable
15 timelines for measuring approval and versioning, the Commission can stabilize the introduction of new
16 technologies, facilitate the orderly retirement of outdated measures, and reduce confusion among
17 customers and trade allies. One example of such confusion was during the DEER2026 update. While
18 measure packages were locked for the PY2024-2025 cycle via DEER2024 resolution E-5221,²²⁸ the
19 DEER2026 resolution E-5350 directed updates to the EUL for some space and water heating measures
20 starting in 2025.²²⁹ The Commission did not issue the DEER resolution directing these updates until
21 December 19, 2024. As a result, mid-cycle updates were applied to measure versions that had already
22 been locked. Because of the timing of the resolution, many of these updates were applied retroactively,
23 altering savings values and affecting TSB claims for program year 2025.

24 Such procedural clarity would enhance delivery efficiency, improve program coordination, and
25 strengthen the accuracy of performance reporting. Ultimately, a timely and transparent process supports
26 portfolio integrity, accelerates market responsiveness, and reinforces the Commission’s commitment to
27 cost-effective, customer-focused energy efficiency outcomes.

²²⁵ Resolution E-5350 Appendix A at 39-44.

²²⁶ 2025 Energy Efficiency Potential and Goals at 51. Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/2025-potential-goals-study/2025-group-e-potential--goals-study-final-report-20250717.pdf>.

²²⁷ Commission email “PY2026 measure package versions for MCAL” dated August 20th, 2025.

²²⁸ Resolution E-5221 Appendix A at 48-53.

²²⁹ Resolution E-5350 Section K.2 and K.3 at 18-19.

1 **Consolidate the Reporting Structure of Similar Programs**

2 **Proposal:** Allow PAs to consolidate similar programs with common strategies into a single
3 program and Implementation Plan, which will enhance the SoCalGas business plan strategy focus on
4 simplification as outlined in Exhibit 1, Chapters 4 and 5.

5 **Rationale:** D.21-05-031 requires each energy efficiency program to be assigned to only one
6 portfolio segment for reporting and tracking.²³⁰ In practice, this restriction increases reporting
7 burdens and raises contract management costs for PAs. Many approaches, such as direct install, can
8 simultaneously deliver cost-effective TSB while advancing equity objectives by increasing participation
9 among equity-defined customers. SoCalGas prefers to consolidate these efforts into a single program and
10 Implementation Plan, which will improve the customer experience and reduce administrative costs.

11 This consolidation streamlines procurement and contracting. It simplifies tracking and reporting.
12 It strengthens overall portfolio efficiency. It also ensures that ratepayer funds are managed with greater
13 accountability and impact. Allowing PAs to organize offerings with shared strategies into unified
14 programs reduces duplicative effort, captures operational synergies, and enables more efficient use of
15 shared resources such as inspections, marketing, and customer outreach.

16 For example, SoCalGas operates residential direct install programs that are classified as Resource
17 Acquisition but include Equity-segment delivery targets for Hard-to-Reach customers and households in
18 Disadvantaged Communities. To report these activities accurately, the program would need to be split
19 into two separate reporting codes within CEDARS. If it is reported solely as Resource Acquisition, the
20 system underreports both the funds directed to equity customers and the number of equity customers
21 served.

22 SoCalGas acknowledges that cross-segment reporting may be necessary under a unified program
23 structure to maintain accountability through standardized reporting for budgets, outputs, and
24 outcomes. In response, SoCalGas recommends that the Commission Reporting PCG determine the
25 appropriate adjustments to reporting procedures to support this approach. This process is expected to
26 improve portfolio efficiency, strengthen program delivery, and enhance Commission oversight while
27 simplifying it.

28

²³⁰ "...for purposes of portfolio reporting and tracking, an individual program may only be assigned to one segment at a given time." D.21-05-031 at 16.

ATTACHMENT A

ATTACHMENT B

Statewide Energy Efficiency Program Assessment Criteria

D.23-06-055 OP2 Statewide Assessment Framework

February 12, 2026

Overview Of PA Coordination Through a Working Group Process

PG&E led a working group of participating PAs to refine an IOU developed proposal for evaluating EE programs pursuant to OP 2 of D.23-06-055.¹ The original draft of the IOU proposal began development in the summer of 2025 by a small IOU only working group (WG). The IOU WG's goal was to prepare a guiding framework for further development by the broader PA group (RENs, IOUs and CCA). This effort resulted in a draft proposal that was circulated with all PAs for the October 16, 2025 monthly all-PA call. Subsequently, on November 5, 2025, there was a kick-off meeting to jump start an all PA WG to refine the proposal.² Non-IOU PAs were not included prior to November and were given a draft proposal developed by the IOU PAs.³ The WG's goal was to further refine the IOU developed proposal and to identify issues that the Commission would potentially need to address as part of this process. PAs were given the opportunity to provide feedback during the meetings and in redline/comment form on the draft proposal.⁴ While there were a number of useful edits and questions raised in the document not all PAs agreed to the

¹ The portfolio administrators (PAs) must coordinate among themselves and propose a statewide program portfolio assessment process to review and recommend changes to the portfolio of statewide programs. This proposed assessment process shall be included in the PAs' portfolio applications to be filed in 2026 or may be filed as a motion in Rulemaking 13-11-005 or its successor, if the proposal is ready before the next portfolio application filing.

² The WG met from November 2025 through January 2026 on a close-to-weekly basis. However, certain PAs could not participate at this frequency due to workload and bandwidth of staff.

³ The intent by the IOUs was to develop a starting point framework from which all PAs could use in order to address this complicated topic. The IOU developed straw proposal was intended to reduce the amount of time that it would take to develop a full proposal from scratch amongst the 12 PAs. Although, individual PAs were not precluded from developing their own proposal for submission as part of their Business Plan Application.

⁴ The original 10/15/2025 draft proposal received edits and comments, which were consolidated into a 12/31/2025 draft for further consideration. Not all PAs agreed to sign on to the developed draft with most providing a qualified support as reflected in the survey results (See Appendix B). An updated version of the document was released on 1/16/2026 for review and a survey for completion by PAs. Subsequently, another draft was released on 1/27/2026 before it was finalized by the end of January 2026.

proposed first draft; however, the WG discussions that ensued were useful in identifying areas needing additional development and/or formal Commission input.⁵

Supporting Information

In order to help stakeholders advance the OP 2 effort beyond this framework, the proposal includes supporting information in Appendices A and B. Specifically, Appendix A identifies issues that merit additional development and/or warrant formal input by the Commission; Appendix B includes results of a survey gauging general sentiment about the proposal along with PA specific feedback.

GUIDING PRINCIPLES - The following Guiding Principles represent the shared commitments of PAs in the delivery of statewide-administered energy efficiency programs.

1. Support the State’s energy efficiency policy goals. Orient portfolio design around State and Regulatory objectives and act in the best interests of all customers.
2. Do no harm. Make decisions that preserve our collective ability to meet energy savings goals, achieve TSB goals, achieve cost-effectiveness for the resource acquisition segment [IOUs only], and minimize impacts to existing local and downstream programs.
3. Advocate for all PAs. Recognize that the whole is greater than the sum of its parts. Be willing to collaborate with other PAs in planning and decision-making efforts.
4. Assume best intentions. In an environment of shared goals and shared directives, be humble in the approach and ambitious for the broader group’s success.
5. Be good listeners. Take responsibility for the environment by which decisions are made such that all participants have the opportunity to participate.
6. Take a stand for customers. Take into consideration the customer experience and strive for simplicity, clarity, and ease.
7. Wisely pursue change. Demonstrate open-mindedness to changes in design, delivery and administration

Programs should support customer fuel diversity,⁶ affordability and strategic decarbonization in a way that reflects the diversity of California’s energy landscape. To support customer demand, statewide program pathways should be diverse with multiple paths considered or incentivized.

⁵ Commission staff joined the December 22, 2025 WG meeting, which provided an opportunity for ED staff to hear about PA concerns. ED’s participation was intended to be informal with no expectation of official Commission guidance.

⁶ There is a diversity of perspectives on whether the offering of dual fuel programs should be discretionary or required.

STATEWIDE EE PROGRAM ADMINISTRATOR RESPONSIBILITIES – The following responsibilities are directed by D.18-05-041, and are the responsibility of any PA leading a SW program.

- Program vision development, design/delivery, and intervention strategies⁷⁾
- Procurement, contract administration, and co-funding management from partner PAs.
- Implementer oversight:
 - The lead PA would have sole responsibility for implementer management, rewards, and any necessary corrective action
 - Lead PA would review implementer performance and program performance on a quarterly basis
- Meeting savings goals and customer satisfaction levels
- Metrics development
- Reporting
- Fiscal oversight

OBJECTIVE

To provide a comprehensive, structured, and transparent framework for assessing Statewide energy efficiency programs across all portfolio administrators. This framework ensures that each program is evaluated for statewide suitability, delivery efficiency, strategic alignment, equity, and market impact. The assessment process supports informed decisions on whether programs should be maintained, redesigned, localized, sunset, transferred, or integrated, and guides the selection of lead administrators, all in alignment with California’s energy policy goals and stakeholder interests.

Program outcomes of the framework include:

- Continue as-is
- Redesign or expand
- Localize
- Sunset⁸

⁷ SW program leads may coordinate with other PAs to address matters that may not be resolved through ongoing SW coordination efforts under the “SWEET” (Statewide Energy Efficiency Team) process. The SWEET, represented by SW PA leads, meets bi-weekly to address ongoing matters associated with SW program administration.

⁸ Consistent with D. 21-05-031, OP 12, an assigned lead PA for a Statewide program can sunset a SW Program by means of a Tier 2 Advice Letter. Likewise, “a Tier 2 advice letter is also required when an existing program is being elevated from a local or regional program to a proposed statewide program or when the lead administrator for a statewide program is proposed to change.” Furthermore, D.23-06-055, dicta at p. 10 states: “Meanwhile, during 2024-2027, the composition of the statewide portfolio need not remain static.

- Reassign to another PA (IOUs, RENS, and CCAs)
 - Selection of Lead PA
- Elevate to Statewide
 - Selection of Lead PA (IOUs, RENS, and CCAs)

GUIDELINES FOR ASSESSMENT

- **Customer Affordability:** Identify EE programs that help customers achieve measurable energy and demand reductions that translate into lower utility bills.
- **Ratepayer Affordability⁹:** Identify EE programs that deliver measurable value to ratepayers, with a focus on maximizing energy savings, benefits per dollar spent, and bill relief.
- **Efficient Program Delivery:** Focus on optimizing resource acquisition and/or customer benefits as appropriate based on program segmentation, and minimizing *redundant*¹⁰ programs.
- **Equity:** Design programs to deliver to disadvantaged, underserved, and hard-to-reach communities (collectively referred to in this document as “equity criteria”).¹¹
- **Transparency:** Use standardized, data-driven methodologies across all PAs, including customer data sharing to support claimable EE results.
- **Timing:** Assessment should be completed in time for results to be incorporated into Application, TUAL, or MCAL cycles.¹²

PAs may request program closure or downsizing where a statewide resource acquisition program has declining prospects through the filing of a Tier 2 advice letter. In addition, existing programs may also be modified by updating an implementation plan.”

⁹ The initial draft proposal advanced “Affordability” as an over-arching assessment factor. However, at the tail end of the WG effort, one PA distinguished affordability between *customer* and *ratepayer*. While this distinction was not fully vetted by the WG, a PA did express concern about using “ratepayer affordability” due to the complexities involved. On the other hand, this same PA indicated that “customer affordability” is more easily determined as it can be isolated/attributed to a single program. This issue warrants further examination.

¹⁰ The Working Group discussion revealed certain PAs had concerns about “relitigating” aspects of OP 32 from D.23-06-055, which commissioned a study “to provide information on substantively similar programs, and steps they have taken and will take to mitigate or minimize ratepayer risk of program overlap and duplication.” There is currently the Joint Coordination Memo (JCM) process that is intended to look at the overlap/duplication issue. However, it’s recognized there may be some level of strategic overlap that is acceptable based on a program’s profile.

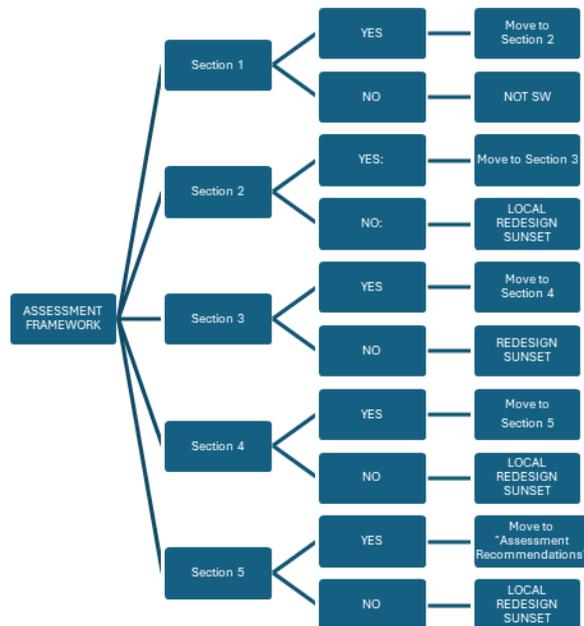
¹¹ *Equity Criteria:* The use of the term disadvantaged is in the context of Disadvantaged Communities (or DACs) as identified by the California Environmental Protection Agency pursuant to Health and Safety Code Section 39711. With respect to the use of the terms underserved and hard-to-reach, these are defined by CPUC Decision 23-06-055, COL 31, for underserved; and COL 33 for hard-to-reach. It should be noted that COL 32 provides flexibility to include additional groups within the underserved population based on the mechanism set forth by COL 32.

¹² There is lack of consensus as to the appropriate forum and timing of these assessments. While the ability to undertake more frequently is preferable, the potential need for incremental funding and full regulatory vetting would generally point to the Application funding cycle as the best pathway. However, PAs appear to

STATEWIDE ASSESSMENT FRAMEWORK

This framework supports a right-sized, effectively delivered, and efficiently administered statewide EE portfolio that aligns with today’s EE policy direction, market dynamics, and EE strategic priorities such as customer energy savings, cost-effectiveness, decarbonization, equity, and flexible delivery. It’s built on a series of gatekeeping questions split into sections (i.e., Sections 1-5) that aids the reviewer¹³ in undertaking the assessment of the program in question. These questions are intended to be guides rather than absolute requirements in supporting the assessment process.

Figure 1. Overall Decision-Making Framework



support the ability to undertaking assessments more frequently, potentially as part of the TUAL and MCAL or as part of a separate dedicated filing process (e.g., a Tier 3 submission).

¹³ Informally, the Energy Division clarified that the undertaking of assessments would generally be PA driven and should be fair, unbiased, and consensus-driven.

Section 1. Statewide Program Gatekeeping Questions (New and Existing Programs)

The assessment of statewide or regional programs will begin with the following baseline questions based on its segmentation:¹⁴

Criteria	Yes/No
For Resource Acquisition Programs	
Does the program ensure inclusion of all critical resources (gas and electric) necessary to maintain reliability, affordability, and customer choice during the transition? [See FN 6]	
Is the program truly mass-market ¹⁵ and uniform for both gas and electric across territories (e.g., smart thermostats)? [See FN 6]	
Does it use a non-site-specific delivery model including both fuels (e.g., original definition of midstream)? [See FN 6]	
Is the PA delivering program able to reasonably manage cross-utility risk without territorial control or data sharing challenges and barriers?	
Does the program solve an identified, statewide problem that cannot be effectively addressed by local or regional means?	
Does implementing statewide delivery significantly improve cost-effectiveness or enhance customer access compared to a local or regional delivery model?	
For Market Support¹⁶ Programs	
Is the program’s primary objective to support the statewide market rather than deliver immediate resource savings?	
Does the program target a statewide market failure or gap that cannot be addressed effectively by resource acquisition programs? (e.g., lack of supply chain readiness, emerging tech adoption, training/workforce?)	
Are there measurable market transformation indicators (market share, cost declines, codes/standards advancement) that can be tracked and are consistent throughout the state?	
Is there detailed evidence that statewide delivery would accelerate or amplify measurable market effects compared to local delivery?	

¹⁴ While Section 1 is limited to the Resource Acquisition, Market Support and Equity segments, this framework can be applied to Codes and Standards (C&S) along with Workforce, Education and Training (WE&T). Since future refinements to this framework are anticipated these additional segments could be developed at that time.

¹⁵ Mass Market refers to broad market segments, like residential homes and small businesses, which share similar purchasing patterns and are targeted for energy-saving programs through accessible measures like rebates, simple installation processes, and standardized information.

¹⁶ Decision 21-05-031 at p.14 defines Market Support as "Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness."

For Equity¹⁷ Programs	
Is the program’s primary objective to improve access, affordability, or resilience for meeting the needs of equity criteria populations (DAC, Hard-to-Reach, Underserved) statewide, rather than delivering energy savings or cost-effective benefits?	
Is the program reaching the intended equity criteria target populations?	
Are incentives and program processes aligned with accessibility and ease of participation for equity criteria target participants?	
Does the program address statewide barriers (financial or geographic) that limit participation by equity criteria communities?	
Is there a clear plan to engage trusted messengers (e.g., CBOs, tribal organizations, local governments) across the entire state?	
Is there detailed evidence that statewide delivery can create measurable improvements in equity criteria outcomes for the specific program, when compared to local-only delivery?	

If less than a majority¹⁸ of answers are “No,” the program should not be statewide.

IF more than a majority of questions were answered as YES, continue on to Section 2.

For NEW and EXISTING PROGRAMS which pass Section 1, CONTINUE

Section 2. Delivery Model and Risk Evaluation

Question	Consideration	Yes/No
Does the program use a midstream delivery model?	<i>Sales-only (midstream/upstream) vs. install-based (downstream/direct install)</i> Midstream= Yes Downstream= No Upstream= Yes	
Is the model still aligned with CPUC policy?	<i>E.g., does it still meet the intent of midstream?</i>	

¹⁷ Decision 21-05-031 at p.14-15 defines Equity as “Programs with a primary purpose of providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission’s Environmental and Social Justice (ESJ) Action Plan; Improving access to energy efficiency for ESJ communities, as defined in the ESJ Action Plan, may provide corollary benefits such as increased comfort and safety, improved indoor air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.

¹⁸ The threshold for “majority” should be established by the PAs and/or set by the Commission. In some cases a simple majority (i.e., greater than 50%) is sufficient and in other cases a “super-majority” might be appropriate (i.e., greater than 66.6%).

Is downstream data collection or quality verification unnecessary for this program?	<i>If yes, it may be feasible for statewide. Although, gathering downstream data for all participants is complex and burdensome in SW offerings.</i>	
Is the administrative burden on the lead PA proportionate to the value delivered?	<i>Legal, regulatory, QA/QC, EM&V risk, data sharing, etc.</i>	

If at least three (majority) of the answers are YES, continue onto Section 3.

If more than one of the answers are NO, consider LOCALIZATION, REDESIGN, or SUNSET program.

Section 3. Strategic Fit

Question	Yes/No
Does the program align with the (or latest) Business Plan (e.g., decarbonization, equity, electrification)?	
Does the program align with the CPUC’s policy objectives as stated in decision language or Public Utilities Code statute?	
Does the program avoid overlapping with or negatively impacting existing local delivery options?	

If at least two (majority) of the answers are YES, continue to Recommendations.

If more than one of the answers are NO, consider LOCALIZATION, REDESIGN or SUNSET program.

Section 4. Performance and Accountability Assessment (EXISTING)

Metric	Assessment Notes	Yes/No/NA
Is the program achieving program goals and metrics? (TSB, GWh, MW)	Is it performing as expected?	
Is the program contributing to portfolio goals?	Is it advancing decarbonization, fuel substitution, etc.?	
Is the program cost-effective (applies only to RA)?	Is it successfully delivering cost effective savings, or failing the TRC tests?	
Is the program forecasting accurately?	Is the program accurately forecasting TSB, GWh, MW and budget?	
Is the program demonstrating clear signs of growth and scalability?	Is it scaling or stalling?	

Are there minimal barriers to participation or savings realization?	Market, tech, permitting, site-specific issues?	
Have past corrective actions, if any, been successful in correcting program performance?	Have the actions been successful in correcting program performance?	

If majority of the answers are YES, continue onto Section 4.

If majority of the answers are NO, consider REDESIGN, LOCALIZE, or SUNSET program.

Section 5. Market Support & Equity Assessment

Question	Yes/No
Market Support – Focus on supporting long-term success of the market, enabling market viability and innovation	
Does statewide administration reduce market confusion and create consistent signals to manufacturers, distributors and contractors?	
Are the risks of statewide delivery (e.g., uneven market maturity, inconsistent supply chains) outweighed by benefits of a statewide approach?	
Are there clear measurable indicators of long-term success of the energy efficiency market that can be tracked at a statewide level?	
Would statewide delivery meaningfully accelerate innovation or technology adoption compared to local implementation?	
Equity – Focuses on equity criteria population	
Would statewide delivery ensure consistent access and reduce inequities across service territories?	
Can program risks (such as differing local needs or reliance on CBOs) be managed affordably and effectively at a statewide scale?	
Are there equity specific outcomes that can be measured and reported consistently statewide?	
Has or will the program demonstrate the ability to overcome participation barriers at scale?	
Would statewide delivery expand reach and scale and benefits in a way local delivery could not?	

If majority of the answers are YES, continue onto Assessment Recommendations.

If majority of the answers are NO, consider REDESIGN, LOCALIZE, or SUNSET program

ASSESSMENT RECOMMENDATIONS

Summary of the above scoring system, and assessment recommendation.

Suggested Program Reclassification Options

Recommendation	Description
If Section 1-5 result in YES	
Maintain or Launch Statewide	Only if program meets all core criteria and delivers value
If Section 1-5 results in NO Options below	
Redesign or Maintain as a local program	If program needs local tailoring, complexity makes it better as a local or regional offer
Sunset Program	If program is obsolete, low-performing, or creates administrative risk
Transfer to non-IOU PA or State Agency	Consider having non-IOU PAs (e.g., RENs, CCAs) or state agencies (e.g., CEC) run the program; IOU acts as fiscal agent only
Integrate into existing local programs	Fold into existing contracts/programs to improve customer experience and delivery efficiency

Compliance Check Before Final Recommendation	Yes/No
Will recommendations cause any IOU to fall below the 20% statewide funding requirement, exceed the 30% MS+E cap, jeopardize meeting the TSB goal or affect any other compliance requirement?	
If a CCA program is converted to SW, will CCA still maintain cost-effective portfolio requirement?	
CONSENSUS CHECK BEFORE SUBMITTING PROPOSAL	Yes/No
Was consensus reached among all PAs regarding the assessment results and proposed outcomes?	

Before proposing the assessment outcomes in the appropriate filing mechanism, the party conducting the assessment may conduct regional focus groups to gather community input across the state. These focus groups should include specific questions that guide feedback and inform the proposing PA if the SW proposal is still appropriate as designed, or redesign, localize or sunset. The results of this effort shall be reported when the party proposes the assessment outcomes in the filing process.

SELECTION/TRANSITION OF LEAD PA

Stakeholder Involvement

- Ensure a transparent and inclusive selection process by actively engaging stakeholders such as other IOUs, RENs, and CCAs.
- Solicit stakeholder feedback through options such as, but not limited to, public workshops, comment periods, or advisory panels.

Qualification Criteria:

Define clear, objective criteria for selecting the lead PA, including but not limited to:

- **Relevant Experience and Track Record:** Demonstrated history of successfully administering similar programs, including past performance metrics and lessons learned.
- **Market Expertise:** Understanding of the target market, including customer segments, supply chain dynamics, and regulatory requirements.
- **Training Infrastructure and Workforce Support:** Ability to provide training, technical assistance, and workforce development to support program delivery at scale, if needed.
- **Data Management and Reporting Capabilities:** Robust systems for data collection, analysis, and reporting, ensuring compliance with CPUC requirements and enabling transparent program evaluation and data sharing capabilities with other non-lead PAs.
- **Contract and Solicitation Resources:** Capacity to manage competitive solicitations, vendor contracts, and procurement processes efficiently and fairly.
- **Past Performance:** Evidence of meeting or exceeding program goals, maintaining compliance, and effectively managing budgets and timelines.
- **Interest and Commitment:** Clear expression of willingness and capacity to lead the statewide program, including resource allocation and organizational support.

NEW PROGRAM PA SELECTION PROCESS :

- Interested Lead PA successfully completes the assessment
- Interested Lead PA presents assessment results and proposed outcomes to all PAs¹⁹ (*Engage in good faith effort to reach consensus among PAs*)
- Interested Lead PA proposes SW Program concept in an appropriate filing mechanism as determined by CPUC input.
- The CPUC approves or denies SW Program.

TRANSITIONING PROGRAMS PROCESS (transitioning programs):

- Current Lead PA coordinates with PAs to inform PAs of proposed transition
- Current Lead PA receives input and response to proposed transition
- Allow all PAs to submit proposals or statements of interest
- Current Lead PA engages in good faith effort to reach consensus among PAs
- Current Lead PA makes a recommendation via Tier 2 AL per D.21-06-055
- Current Lead PA announces the newly selected lead PA

¹⁹ D.18-05-041 at pp. 80-81 provides guidance on lead PA coordination.

Appendix A

Issues Needing Further Development and/or Clarification by the Commission

1. Scope of OP 2: The full scope of OP 2 was unclear to all PAs. Specifically, whether the assessment was intended to include both upleveling (local/regional to statewide) and down-leveling (SW to local/regional) of programs. While the language of OP 2 addresses the evaluation of SW programs and the related dicta²⁰ is suggestive of upleveling, there is no language indicative of down-leveling. The bullet points below summarize the three discrete possibilities.

- SW only [language of OP 2]
- Local/regional to SW (uplevel) [language of dicta]
- SW to local/regional (down-level)

Action Item: Formal Commission input warranted.

2. Regulatory Process for Proposing a SW Program: While PAs seek maximum flexibility in undertaking the OP 2 assessment, there is lack of clarity about the appropriate venues for doing so. While there is general consensus that the Application cycle is an appropriate venue, some PAs believe the TUAL and the MCAL could also be vehicles for advancing OP 2. Moreover, there is consideration as to whether a separate dedicated process, such as a unique Tier 3 filing, could also be a viable mechanism. The one potential impediment is that in certain cases incremental funding might be necessary, which is generally requested and approved as part of the periodic EE Application. In the case of a regional or local program being converted to SW, PAs would need the appropriate venue to rebalance their remaining portfolio and address any implementation issues (see #4 below).

Action Item: Formal Commission input warranted.

3. Applicability of dual fuel or single fuel: There is a diversity of perspectives on whether the offering of dual fuel programs should be *discretionary* or *required*.

Action Item: Formal Commission input warranted.

²⁰ *In comments on the proposed decision, numerous parties, including Oracle as one of the implementers, opposed the conversion of these two programs to statewide administration, arguing that they have unique characteristics at the individual IOU level and are not appropriate for statewide implementation. In light of these comments, we will defer on converting these programs to statewide at this time. Once a statewide assessment process has been proposed and approved, then we will use the process to evaluate whether these programs should be converted to statewide during the next portfolio application cycle.*

4. Attribution: It is understood that moving a local/regional program to a SW program would preclude program benefit attribution for non-IOU PAs, which presents a challenge for maintaining a cost-effective portfolio and performance at a PA level. Several solutions are available to the Commission including, but not necessarily limited to the following:

- Equal attribution of Statewide Program TSB benefits and costs to all PAs.
- Cost-effectiveness/performance adjustment or relief to impacted non-IOU PA(s).

Action Item: As many EE policies are impacted by potential changes in attribution, cost-effectiveness or program delivery model, the Commission should scope further discussion in R.25-04-010 (EE proceeding) – or the upcoming consolidated Business Plan Application proceeding - to ensure that any solutions are holistic and informed by the public record.

5. Responsibility for Undertaking the Assessment: The PAs generally agree that the assessment process is PA led, which is consistent with the informal perspective shared by Energy Division during the December 22, 2025 working group call. There were no objections to the idea that a PA could engage a third-party entity to facilitate or even to undertake such an assessment.

Action Item: Request Commission to affirm the assumption that the assessment process is PA driven rather than by the CPUC.

Appendix B
PA Survey
Updated 2/12/2026

Each PAs was asked to complete a survey with the four questions shown below. Based on the results, all of the respondents selected a “Qualified Support” for the proposal. Certain PAs also provided responses to questions three and/or four. Each PA’s survey response is included in this Appendix B.

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

2. Do you support the statewide assessment proposal for evaluating programs?

*Select one option that best represents your position (please **bold** and underline your selection).*

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

NREN

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

Northern Rural Regional Energy Network (NREN)

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

NREN appreciates the time and effort from the PAs during this process to create a statewide portfolio assessment process. At this time, NREN would like additional clarity of certain assessment questions, and would like to review the new clean version closely.

Overall, NREN understands the assessment process and agrees with the guiding principles, but would like to reiterate the gap-filling purposes of RENS that should be kept in mind when an assessment of a regional or local program is taking place.

Additionally, NREN would like to note that not all PAs were represented throughout the entire process of developing this proposal, which may indicate unequitable representation of PAs.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

It is noteworthy that Joint Cooperation Memos (JCMs) already exist to limit program overlap and ensure PA coordination, and that regional programs all differ from each other as they are unique to each region. These JCMs and other means of coordination should be taken into account when conducting an assessment.

BayREN

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

BayREN

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

Qualified Support

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

BayREN appreciates the participation of the PAs and the collaborative effort to produce a statewide portfolio assessment proposal. BayREN offers qualified support for the proposal and will provide more reasoning for our qualified support in our business plan application. BayREN would like more time to evaluate the proposal to determine if it agrees with what has been drafted.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

3C-REN

1. Which Program Administrator (PA) do you represent?

Tri-County Regional Energy Network (3C-REN)

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

3C-REN offers qualified support for the statewide assessment proposal and will provide more reasoning for our qualified support in our business plan application after having more time to review a clean copy. Some items we will use the additional time to review include:

- Proposed Scope (Upleveling v. Down-leveling)
 - 3C-REN leans toward relying on the explicit decision language, which focuses on the evaluation of existing statewide programs. If the Commission ultimately relies on the dicta to support upleveling, it is important that this approach be balanced with a fair and equal pathway for down-leveling where appropriate.
- REN programs operating in tandem with statewide programs
 - 3C-REN wants to ensure that even if a statewide program passes the assessment matrix and does not require localization, this should not preclude the continued delivery of localized programs where they improve equitable access.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

SoCalREN

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

Southern California Regional Energy Network (SoCalREN)

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

The SoCalREN believes there should be an assessment regarding the efficacy of the current statewide programs. It would benefit the state to understand are statewide program performing proportionally across the state or are their communities or pockets of regions not being reached. Are rate payer dollars being effectively utilized for mid-stream and up-stream models or is there too little oversight to understand where SW ratepayer dollars are actually being realized into impact. These are just a few questions and much more could be identified.

The SoCalREN does support some portions of the proposal for instance the gate assessment process for considering a PA's proposal for a program to be delivered statewide. However, their lacks certain nuances that must be considered. For instance in the assessment for considering a program be delivered SW there should exist a requirement that the PA engage communities in some form across the state to acquire input. Many communities are often disenfranchised by statewide programs due their standardization. In addition, SW proposals should only be considered in Applications which require Commission approval.

SoCalREN intends to file an alternate proposal that captures some of the Joint PAs work and builds off of it.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

None at this time.

MCE

1. Which Program Administrator (PA) do you represent?

MCE

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

MCE does not agree with the threshold criteria for each set of scoring questions and notes that there are logical errors in the proposed thresholds. For some sets of criteria a “majority” may not be sufficient, and a program should pass all screening criteria to be considered for statewide implementation. There should be further discussion to refine the threshold criteria for each section.

Other comments will be provided in MCE’s testimony.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

SDREN

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

San Diego Regional Energy Network

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

- SDREN supports the proposal if it is not used to relitigate currently authorized programs.
- SDREN supports the proposal if it is conducted by an independent third party.
- SDREN supports the proposal if the “ratepayer affordability” language under “Guidelines for Assessment” is removed. There are many bill components that impact ratepayer affordability (e.g., generation, transmission, and distribution) so assessing singular programs using this as a guideline is infeasible. The “customer affordability” language under the “Guidelines for Assessment” section is more easily determined and can be isolated/attributed to single programs. Therefore, SDREN supports the “customer affordability” language and recommends “ratepayer affordability” be removed. Additionally, this language was added last-minute and was not discussed with the full PA group prior to including.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

I-REN

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

Inland Regional Energy Network (I-REN)

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please bold and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

At the time of this survey I-REN offers “qualified support” rather than full support or non-support of the proposal and will provide additional detail in our forthcoming business plan application. I-REN appreciates the framework’s reiteration of the guiding principles of good-faith PA consensus and coordination. While this point is identified in the overview, it is worth highlighting in these comments that the development of this proposal only included REN and CCA PAs a few months after IOUs initiated the effort exclusively. Nevertheless, I-REN participated in this effort in good faith and will continue to identify refinements to the framework to promote equity among PAs between now and the business plan application submittal.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

I-REN would like to thank all PAs involved in this effort for their contributions, and restate the importance of local and regional efforts led by RENs to provide equity communities with critical support and market access.

CCR REN

1. Which Program Administrator (PA) do you represent?

Central California Rural Regional Energy Network (CCR REN)

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

We have some small comments in the draft we would like to be considered.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

Not at this time.

SDG&E

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

SDG&E

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

The requirement that PAs conduct regional focus groups to gather community input, as proposed by SCR, should be optional rather than mandatory, as regional focus groups may not be practical on a statewide basis.

The proposed transition of a statewide lead PA is also allowed to be requested within the Business Plan Applications per the Energy Division template, not only Tier 2 Advice Letter.

Already resolved in the draft: SDG&E supports majority versus 80% supermajority within the gating questions.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

SCE

1. Which Program Administrator (PA) do you represent?

Southern California Edison

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

SCE is generally supportive of the Statewide Assessment proposal; however, SCE emphasizes that this assessment should include regional programs and notes that the assessment should not be used as a basis for program closures, as an established process and procedure for closing programs already exists.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

SoCalGas

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

SoCalGas

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please **bold** and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

The proposal should heavily weigh the customer’s best interest and provide the structure to allow utilities to adapt program designs for customer benefit.

PG&E

1. Which Program Administrator (PA) do you represent?

Enter the full name of your PA (please provide one survey response per PA).

PG&E

2. Do you support the statewide assessment proposal for evaluating programs?

Select one option that best represents your position (please bold and underline your selection).

- Yes
- **Qualified Support**
- No

3. If you selected “Qualified Support” or “No,” briefly explain your reasoning.

Your explanation will help stakeholders understand your perspective.

There are unresolved issues that merit further development and/or formal CPUC input. These are noted in the body of the proposal (primarily as footnotes) and/or summarized in Appendix A.

PG&E’s perspective continues to be that the lead-PA of any SW program should have the ability to make program specific decisions, specifically allowing the lead-PA to determine whether a SW program is single or dual fuel. PG&E provides additional context in its testimony.

PG&E requests stakeholders consider this perspective when reviewing the proposal.

4. Do you have any additional comments or suggestions regarding the proposal?

Optional: Share any other thoughts or recommendations.

PG&E volunteered to facilitate this all-PA process as it wasn’t obvious if any other PA had interest in doing so. It is understood that efforts of this nature, which involve a dozen PAs is both challenging and time consuming. In hindsight this process would have been better suited to a professionally facilitated working group, which could have included formal workshops with Energy Division staff participation. Even so, PG&E appreciates ED staff joining one of our weekly meetings on December 22, 2025, in order to entertain PA questions and to share *unofficial* thoughts on OP 2. Also, PG&E appreciates the collaborative engagement by the PAs.

PG&E believes this proposal is a reasonable starting point for further development by the Commission and interested stakeholders. Further discussion and context on the unresolved items is located in PG&E’s testimony.