

Exhibit No: _____
Application: A.26-03-018
Witness: Darren Hanway
Chapter: _____

**SUPPLEMENTAL TESTIMONY OF
DARREN HANWAY ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY**

September 30, 2026

TABLE OF CONTENTS

I.	INTRODUCTION	ERROR! BOOKMARK NOT DEFINED.
II.	PURPOSE AND SCOPE.....	1
III.	SUPPLEMENTAL TESTIMONY	3
	1. Does your business plan application consider the impact of the California Air Resource Board's (CARB) potential new rules on Clean Space and Water Heater Standards, or other regional standards? If not, how would your business plan application need to be adjusted if CARB's current proposal is adopted, effective in 2030?	3
	2. Provide a third-party solicitation schedule and timeline from 2028 to 2031. Use the solicitation schedule posted to the California Energy Efficiency Coordinating Committee website, available at https://www.caeccc.org/market-rate-ee-r25-04-101 , for reference and required fields.	5
IV.	CONCLUSION.....	

1 **SUPPLEMENTAL TESTIMONY OF DARREN HANWAY**
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3 **I. PURPOSE AND SCOPE**

4 The purpose of this supplemental testimony on behalf of Southern California Gas
5 Company (SoCalGas) is to respond to the Administrative Law Judge's (ALJ) Ruling directing
6 additional testimony to be served by applicants issued on September 2, 2026 (ALJ Ruling). The
7 ALJ Ruling required applicants in this consolidated proceeding to provide amended Total
8 System Benefit (TSB) and cost-effectiveness forecasts using corrected Avoided Cost Calculator /
9 Cost-Effectiveness Tool (CET) values and any non-substantive corrections included in its
10 business plan application. SoCalGas has submitted updated forecasts in California Energy Data
11 and Reporting System (CEDARS), and updated its business plan Exhibits 1, 2, 3, and 4 based on
12 the corrected 2026 avoided costs. The error in CEDARS which impacted the business plan
13 forecasts impacted electric benefits and therefore had a minimal impact on SoCalGas's proposed
14 portfolio of programs. While the updated forecasts differ from the data included in the original
15 business plan filing from March, the changes only reflect a 0.05% increase to the overall
16 portfolio TSB forecasted and are not substantive to the forecasted benefits or cost-effectiveness
17 of SoCalGas's proposed portfolio. The summary of budget, TSB, and cost-effectiveness changes
18 of SoCalGas's portfolio are summarized in Tables 5-1 and 5-2 below.

1 **Table 5-1: Summary of Budget and TSB Impacts**

Segment	Original Budget	Revised Budget	Budget % Change	Original TSB	Revised TSB	TSB % Change
2028-2031 Portfolio						
Resource Acquisition	\$392,867,626	\$392,867,626	0.00%	\$843,913,151	\$844,632,755	0.09%
Market Support	\$117,128,990	\$117,128,990	0.00%	\$21,724,192	\$21,685,379	0.18%
Equity	\$58,083,008	\$58,083,008	0.00%	\$38,103,681	\$37,831,683	-0.71%
EM&V	\$24,000,000	\$24,000,000	0.00%	\$0	\$0	0.00%
Portfolio Oversight	\$683,664	\$683,664	0.00%	\$0	\$0	0.00%
Total Portfolio Excluding C&S	\$592,763,288	\$592,763,288	0.00%	\$903,741,023	\$904,149,817	0.05%
Codes & Standards (C&S)	\$7,236,712	\$7,236,712	0.00%	\$0	\$0	0.00%
Total Portfolio Including C&S	\$600,000,000	\$600,000,000	0.00%	\$903,741,023	\$904,149,817	0.05%
2032-2035 Portfolio						
Resource Acquisition	\$423,533,531	\$423,533,531	0.00%	\$998,603,135	\$999,512,077	0.09%
Market Support	\$125,877,644	\$125,877,644	0.00%	\$25,793,246	\$25,742,353	0.20%
Equity	\$62,571,892	\$62,571,892	0.00%	\$46,066,691	\$45,720,627	0.77%
EM&V	\$25,815,150	\$25,815,150	0.00%	\$0	\$0	0.00%
Portfolio Oversight	\$683,664	\$683,664	0.00%	\$0	\$0	0.00%
Total Portfolio Excluding C&S	\$638,481,881	\$638,481,881	0.00%	\$1,070,463,071	\$1,070,975,057	0.05%
Codes & Standards (C&S)	\$7,580,537	\$7,580,537	0.00%	\$0	\$0	0.00%
Total Portfolio Including C&S	\$646,062,418	\$646,062,418	0.00%	\$1,070,463,071	\$1,070,975,057	0.05%
2028-2035 Total						
Resource Acquisition	\$816,401,157	\$816,401,157	0.00%	\$1,842,516,286	\$1,844,144,832	0.09%
Market Support	\$243,006,634	\$243,006,634	0.00%	\$47,517,438	\$47,427,732	0.19%
Equity	\$120,654,900	\$120,654,900	0.00%	\$84,170,372	\$83,552,310	0.00%
EM&V	\$49,815,150	\$49,815,150	0.00%	\$0	\$0	0.00%
Portfolio Oversight	\$1,367,328	\$1,367,328	0.00%	\$0	\$0	0.00%
Total Portfolio Excluding C&S	\$1,231,245,169	\$1,231,245,169	0.00%	\$1,974,204,094	\$1,975,124,874	0.05%
Codes & Standards (C&S)	\$14,817,249	\$14,817,249	0.00%	\$0	\$0	0.00%
Total Portfolio Including C&S	\$1,246,062,418	\$1,246,062,418	0.00%	\$1,974,204,094	\$1,975,124,874	0.05%

2 Note: 2028-2035 portfolio forecasts do not include Code and Standard TSB as those program
3 goals are set in energy savings and therefore do not count towards goal attainment.
4

Table 5-2: Summary of Cost-Effectiveness Impacts

Segment	Original TRC	Revised TRC	TRC % Change	PAC % Change	RIM % Change	SCT Base % Change	SCT High % Change
2028-2031 Portfolio							
Resource Acquisition	1.88	1.88	0.03%	0.01%	0.09%	-0.02%	-0.02%
Market Support	0.18	0.18	-0.18%	-0.18%	-0.18%	-0.75%	-0.78%
Equity	0.66	0.66	-0.71%	-0.71%	-0.71%	-1.72%	-1.76%
EM&V	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%
Total Portfolio Excluding C&S	1.31	1.31	0.03%	0.02%	0.06%	-0.16%	-0.16%
Codes & Standards (C&S)	1.79	1.79	0.00%	0.00%	0.00%	0.00%	0.00%
Total Portfolio Including C&S	1.51	1.51	-0.06%	-0.41%	0.04%	-0.02%	-0.14%

Note: 2032-2035 portfolio forecasts did not include CET calculations and did not have a cost-effectiveness showing.

Additionally, the Summary of Testimony Update Locations in Exhibits 1 through 4 is attached as an Appendix to this filing in Table 5-3.

II. SUPPLEMENTAL TESTIMONY

SoCalGas's supplemental testimony responding to the two specific questions from the ALJ ruling is below.

1. Does your business plan application consider the impact of the California Air Resource Board's (CARB) potential new rules on Clean Space and Water Heater Standards, or other regional standards? If not, how would your business plan application need to be adjusted if CARB's current proposal is adopted, effective in 2030?

The Energy Efficiency business plans were submitted based on the goals established through the 2025 Potential and Goals Study adopted in D.25-08-034. The 2025 Potential and Goals Study contained two scenarios for Zero Emission Appliance Standards (ZEAS). One was a phased in approach which staggered the effective dates of impacted measures and the other assumed a 2030 implementation date for all impacted measures. However, neither of these scenarios was finalized or approved by CARB at the time. SoCalGas provided comments on the Draft 2025 Potential and Goals Study to only incorporate approved rules into the study, or at the

1 least include a scenario of no ZEAS; however, the recommendation was not implemented. This
2 left no scenario for planning purposes if/when CARB shifted its approach.

3 In the December 2025 CARB meeting, CARB presented a new credit market approach
4 which would phase in zero emission appliances over time with increasing sales target
5 percentages year over year. While this rule is also not approved, it marks a completely different
6 approach to ZEAS compared to what was adopted into goals for Program Year 2025 and beyond
7 from the 2025 Potential and Goals Study.

8 The workplan for the 2027 Potential and Goals Study released on August 27 notes that
9 there is uncertainty in the implementation and timing of the CARB policy, and incorporates
10 SoCalGas's recommendation for proposed rules, and plans to model measures without any future
11 baseline changes in the Base Scenario.¹ While the proposed rules may be incorporated in
12 alternative scenarios, this will leave a base case scenario without the impact of the proposed rules
13 for goal setting if the rules are not adopted by next year.

14 The Budgets and forecasts proposed in the 2028-2031 business plan will be compared to
15 the 2025 Potential and Goals Study which contains the outdated information on CARB
16 rulemaking. This results in a large drop in achievable potential in 2030 across all Program
17 Administrators due to the assumed phase in of ZEAS. While SoCalGas attempted to estimate
18 where the goals would be without the phaseout of Gas Space and Water heating measures in
19 2030, it is only an estimate due to the absence of a specific no ZEAS scenario in the 2025
20 Potential and Goals Study.² This drop would go into effect mid-business cycle and therefore has
21 a material impact on the performance and evaluation of Program Administrator budgets through
22 the application.

23 Based on the timeline for the Energy Efficiency Business Plan proceeding, the budgets
24 and forecasts will be adopted via decision in Q2 or Q3 of 2027, before any update to the 2027
25 Potential and Goals Study is adopted via Commission Decision. Should the goals adopted in

¹ Guidehouse. 2027 Potential and Goals Study Draft Workplan. Aug. 27, 2026 at 17. Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/2027-potential-goals-study/cpuc-2027-pg-study-draft-workplan.pdf>

² SoCalGas Energy Efficiency Business Plan Application Exhibit 1 at 138: "SoCalGas used an estimate based on the potential and goals data to derive a no ZEAS goal scenario [...] of \$834.6 million over the four-year cycle, an increase of \$166.3 relative to the goals established for 2028-2031 in D.25-08-034 of \$668.3 million."

2027 differ materially from the estimated goal forecasted by SoCalGas, additional budget would be required to achieve a higher level of TSB. As a result, SoCalGas proposes that a formal regulatory mechanism should be established, whether through the True-up Advice Letter or another filing, to revisit budgets to ensure Program Administrators have sufficient budgets to exceed their newly established goals for the next business cycle.

2. **Provide a third-party solicitation schedule and timeline from 2028 to 2031. Use the solicitation schedule posted to the California Energy Efficiency Coordinating Committee website, available at [https://www.caeccc.org/market-rate ee-r25-04-101](https://www.caeccc.org/market-rate-ee-r25-04-101), for reference and required fields.**

SoCalGas proposed a phased solicitation schedule for third-party energy efficiency programs from 2027 through 2034. The schedule staggers major program solicitations across multiple years to balance workload, maintain program continuity, and allow sufficient time for solicitation development, Procurement Review Group (PRG) review, Commission approval, and contract transition activities. SoCalGas's IDEEA365 solicitation process would continue on an ongoing basis throughout the planning horizon to support emerging and innovative program opportunities and to fill portfolio gaps. The table below updates the solicitation calendar presented in SoCalGas Opening Testimony Exhibit 1 to reflect revised solicitation sequencing and the inclusion of statewide programs in the anticipated solicitation schedule and is subject to modification based on changes in business needs, portfolio requirements, and regulatory requirements.

Figure 5.1 - SoCalGas Energy Efficiency Third Party Program Solicitations (2027-2035)		
Calendar Year	Program Solicitations	IDEEA365 Solicitations
2027	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 Program Small/Medium Commercial Program SW Midstream Water Heating Program SW Foodservice Program	Continuous
2029	Non-Residential Energy Advisor Program Marketplace Program Multifamily Whole Building Program SW Emerging Technology - Gas	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

Based on the PRG guidelines, the third-party Advice Letter template, and recent solicitation schedules (e.g., Market Access Program), a typical SoCalGas competitive solicitation requires approximately 12-18 months from planning through implementation readiness. The process includes Independent Evaluator (IE) reviews, multiple PRG touchpoints, solicitation issuance, bid evaluation, contract negotiations, Advice Letter approval, and implementation plan development.

Solicitation (Months 0-9)

Planning → IE Review → PRG Review → RFA/RFP Release → Bidder Conference → Proposal Evaluation → Selection

Contracting (Months 10-14)

Negotiations → PRG Contract Review → Contract Execution → Final IE Report

1 **Regulatory Approval & Launch (Months 15-18)**

2 Advice Letter Filing → CPUC Approval → Implementation Planning → Program Launch

3 The above timelines reflect current Commission rules and practices. As proposed in
4 SoCalGas' Business Plan, enhancements to the PRG and solicitation process may affect future
5 solicitation timelines. Additional detail is provided in the applicable Business Plan Exhibit 1
6 within the Modernizing the Commission's Oversight Role section of the Policy
7 Recommendations chapter.³ Solicitation schedules remain subject to CPUC guidance and
8 approval.#

9 This concludes my prepared supplemental testimony.

³ SCG-01 SoCalGas Portfolio and Business Plan Application Exhibit 1 Chapter 11 at 239-240.

Appendix A: Summary of Application Update Locations

Table 5-3 : Summary of Testimony Update Locations

Document (<i>Testimony or Excel</i>)	Exhibit	Chapter	Page/Sheet	Table, Figure, or Line Number	Summary of Change
Testimony	SCG-01 – Portfolio and Business Plan	Title Page	1	Application Number	• Updated with Assigned Application Number
Testimony	SCG-01 – Portfolio and Business Plan	Introduction	10	23	• Cost- effectiveness of 1.88 to 1.89
Testimony	SCG-01 – Portfolio and Business Plan	Introduction	14	Table 4.1	• Forecasted TSB for year 2030 updated from 231 to 232. Total TRC from 1.88 to 1.89
Testimony	SCG-01 – Portfolio and Business Plan	Introduction	16	26	• Cost- effectiveness from 1.88 to 1.89
Testimony	SCG-01 – Portfolio and Business Plan	Chapter 1	19	17	• TRC ratio of 1.88 to 1.89
Testimony	SCG-01 – Portfolio and Business Plan	Chapter 2	34	Table 2	• Updated TSB, TRC, PAC, RIM, SCT
Testimony	SCG-01 – Portfolio and Business Plan	Chapter 2	35	Table 3	• Corrected Typo in Budget totals
Testimony	SCG-01 – Portfolio and Business Plan	Chapter 2	35	Table 5	• Updated TSB forecast and % TSB Goal
Testimony	SCG-01 – Portfolio and Business Plan	Chapter 4	142-144	All	• Fixed Formatting issues

Testimony	SCG-01 – Portfolio and Business Plan	Chapter 10	237-238	Footer	Added missing footnotes
Testimony	SCG-02 – Program Cards	Card 1	2, 3	TSB, TRC	Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 2	4, 5	TSB, TRC	Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 3	6, 7	TSB, TRC	Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 4	9	TSB, TRC	Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 5	12	TSB, TRC	Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 6	15	TSB, TRC	Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 7	17	TSB, TRC	Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 8	20	TSB, TRC	Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 10	25	TSB, TRC	Updated TSB/TRC to Match New CET Output

Testimony	SCG-02 – Program Cards	Card 11	26, 27	TSB, TRC, Budget	• Updated TSB/TRC to Match New CET Output • Corrected budget typo
Testimony	SCG-02 – Program Cards	Card 12	28, 29	TSB, TRC	• Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 13	31	TSB, TRC	• Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 15	37	TSB, TRC, Budget	• Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 16	39, 40	TSB, TRC	• Updated TSB/TRC to Match New CET Output • Corrected budget typo
Testimony	SCG-02 – Program Cards	Card 18	44	TSB, TRC	• Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 19	47	TSB, TRC	• Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 20	50	TSB, TRC	• Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 21	53	TSB, TRC	• Updated TSB/TRC to

					Match New CET Output
Testimony	SCG-02 – Program Cards	Card 22	55, 56	TSB, TRC	• Updated TSB/TRC to Match New CET Output
Testimony	SCG-02 – Program Cards	Card 23	58	TSB, TRC	• Updated TSB/TRC to Match New CET Output
Testimony	SCG-03 – CEDARS Confirmation	2028 Receipt	2	All CE outputs (TRC, PAC, RIM, SCB, SCH, TSB, etc.)	• Updated Budget Filing Summary with correct values in CEDARS
Testimony	SCG-03 – CEDARS Confirmation	2029 Receipt	5	All CE outputs (TRC, PAC, RIM, SCB, SCH, TSB, etc.)	• Updated Budget Filing Summary with correct values in CEDARS
Testimony	SCG-03 – CEDARS Confirmation	2030 Receipt	8	All CE outputs (TRC, PAC, RIM, SCB, SCH, TSB, etc.)	• Updated Budget Filing Summary with correct values in CEDARS
Testimony	SCG-03 – CEDARS Confirmation	2031 Receipt	11	All CE outputs (TRC, PAC, RIM, SCB, SCH, TSB, etc.)	• Updated Budget Filing Summary with correct values in CEDARS
Excel	SCG-04 – Budget Filing Appendix	Table 4.1	Column N-AE	Updated CE output data (from Budget Filing Tab)	• Updated CE data forecasts based on Updated Budget filing Data
Excel	SCG-04 – Budget Filing Appendix	Table 4.2	Column F	Updated TSB Forecast	• Updated TSB

Excel	SCG-04 – Budget Filing Appendix	Table 4.3	Column C, E	Updated TSB Forecast	• Updated TSB
Excel	SCG-04 – Budget Filing Appendix	Budget Filing Data	All	Updated CE output data	• Updated all data based on new CET outputs