

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



FILED
05/31/19
04:59 PM

Order Instituting Rulemaking Concerning
Energy Efficiency Rolling Portfolios, Policies,
Programs, Evaluation, and Related Issues.

Rulemaking 13-11-005
(Filed November 14, 2013)

**REPLY COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)
TO ADMINISTRATIVE LAW JUDGE KAO'S RULING INVITING
COMMENTS ON DRAFT POTENTIAL AND GOALS STUDY**

HOLLY A. JONES

Attorney for
SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, Suite 1400
Los Angeles, California 90013
Telephone: (213) 244-2232
Facsimile: (213) 629-9620
E-mail: HAJones@semprautilities.com

May 31, 2019

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I. INTRODUCTION

Pursuant to the May 1, 2019 *Administrative Law Judge's Ruling Inviting Comments on Draft Potential and Goals Study* ("Ruling") in the above-captioned proceeding, Southern California Gas Company ("SoCalGas") hereby submits its reply comments to the California Public Utilities Commission ("Commission") to parties' responses to the Ruling and comments to the 2019 Energy Efficiency Potential and Goals Study ("Navigant study").

II. DISCUSSION

A. The Navigant study should provide savings ranges for the BRO program scenarios to account for the uncertainty in the forecasted potential.

In its comments, San Diego Gas & Electric Company ("SDG&E") highlighted the uncertainty in the Navigant study related to behavior, retro commissioning and operational ("BROs"), indicating that "many of the [BROs] programs are relatively new and much learning about their effectiveness is ongoing."¹ SoCalGas also expressed this concern, as the Navigant study acknowledged that "penetration forecasts are the most uncertain because of limited historic penetration rates upon which to base a forecast."² SoCalGas agrees with SDG&E's recommendation to provide additional scenarios for consideration in the Navigant study using adjustments to BRO programs by lower assumption values for both the reference and aggressive

¹ Comments of SDG&E on Draft Potential and Goals Study, p. 4. See also Navigant Study, p. 70.

² Comments of SoCalGas to Administrative Law Judge Kao's Ruling Inviting Comments on Draft Potential and Goals Study, p. 3. See also Navigant Study, p. 70.

scenarios. This would essentially provide savings ranges to account for the uncertainties due to future post evaluation, measurement, and verification (“EM&V”) that consider persistence and implementation impacts.³

B. The Annual Budget Advice Letter (“ABAL”) process should not rely on the program spending forecast from the Navigant study alone to guide future funding requests.

SoCalGas cautions against the Public Advocates Office’s (“Cal Advocates”) assumption that the overall energy efficiency (“EE”) budget for each program administrator (“PA”) for future ABAL funding requests will approximate the sum of the program spending forecasts from the final potential study (in the same scenario used to set energy savings goals) and the expected non-resource spending level.⁴ SoCalGas notes that the Navigant study’s calibration does not include historical program data from the 2017 and 2018 program years, and therefore does not reflect the more recent changes to PA portfolios in response to program and market conditions.

Furthermore, the Navigant study notes the limitation of the calibration process to account for changes in the future customer decision process.⁵ SoCalGas agrees with SDG&E’s comments that the relationship between savings and budget is not linear. The remaining market for EE consists of the late majority, which likely will result in more marketing, outreach, and/or incentive dollars needed to convert these groups to achieve EE savings.⁶

As the IOU PAs continue efforts towards transitioning their portfolios to third-parties as well as making adjustments in lieu of the indicated growth of BRO programs, funding requests are likely to differ from the information presented in the Navigant study. The information presented in the ABAL should continue to serve as the guide for PA funding requests, as it was designed to provide PAs the ability to demonstrate the analysis and optimization of their EE portfolios, as well as provide stakeholders the necessary transparency in the budget request process.⁷

³ Comments of SDG&E on Draft Potential and Goals Study, pp. 4-5.

⁴ Comments of the Cal Advocates on the Administrative Law Judge’s Ruling Inviting Comments on Draft Potential and Goals Study, pp. 27-28.

⁵ Navigant study, p. A-4.

⁶ Comments of SDG&E on Draft Potential and Goals Study, pp. 10-11.

⁷ D.18-05-041, pp. 123-129.

C. It is unnecessary for the Commission to set sub-goals for the hard-to-reach customer segment.

SoCalGas disagrees with the Small Business Utility Advocates' ("SBUA") comments that a specific EE savings goal for hard-to-reach customers be set based on potential reductions to portfolio budgets.⁸ The Navigant study does not provide insight to EE potential for the hard-to-reach customer segment; setting a distinct sub-goal for this segment would be arbitrary at best. SoCalGas highlights that PAs are currently tracking progress toward portfolio and sector level metrics which include specific metrics for disadvantaged communities, hard-to-reach, and small/medium/large customers.⁹ Targets set for these metrics are intended to track improvements in participation from these segments, including first year annual savings.¹⁰ The Commission should rely on these metrics to evaluate the EE potential for the hard-to-reach customer segment rather than setting additional sub-goals via the Navigant study.

Furthermore, SBUA notes that the Commission should order PAs to use unused funds in portfolio budgets to target hard-to-reach customers.¹¹ SoCalGas asserts that the allocation of unused funds in PA portfolio budgets is not an appropriate channel for requesting the additional monies needed to reach hard-to-reach customers. Instead, PAs should utilize the ABAL process to request funding to support any efforts/activities targeting such customer segments to aide PAs in achieving the targets put forth in their approved EE metrics.

D. Additional Comments

SoCalGas notes that the reported Total Resource Cost ("TRC") ratio results for 2018 indicated in comments submitted by Cal Advocates is outdated.¹² Due to technical issues with the California Energy Data and Reporting System ("CEDARS"), SoCalGas' cost effectiveness ratios could not be calculated until May 17, 2019. SoCalGas' 2018 reported TRC ratio was 1.09,

⁸ Comments of SBUA on the Administrative Law Judge's Ruling Inviting Comments on Draft Potential and Goals Study, p. 3.

⁹ D.18-05-041, pp. 183-184 (Ordering Paragraph 9).

¹⁰ Reporting on SoCalGas' 2018 annual metrics can be found at <http://eestats.cpuc.ca.gov/EEGA2010Files/SCG/AnnualReport/SCG.AnnualNarrative.2018.2.zip>.

¹¹ Comments of SBUA on the Administrative Law Judge's Ruling Inviting Comments on Draft Potential and Goals Study, p. 3.

¹² Comments of the Cal Advocates on the Administrative Law Judge's Ruling Inviting Comments on Draft Potential and Goals Study, p. 9 (Table 5).

excluding Codes & Standards but including market effects.¹³ Subsequently, TRC ratios in 2018 for “Combined Utility PAs” and “Statewide Portfolio” should be 0.97 and 0.94, respectively.

III. CONCLUSION

SoCalGas appreciates the opportunity to provide these reply comments to Parties’ responses to the Ruling and comments on the Navigant study.

Respectfully submitted on behalf of SoCalGas,

By: /s/ Holly A. Jones
Holly A. Jones

HOLLY A. JONES

Attorney for
SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, Suite 1400
Los Angeles, California 90013
Telephone: (213) 244-2232
Facsimile: (213) 629-9620
E-mail: HAJones@semprautilities.com

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¹³ SoCalGas’ 2018 program year cost effectiveness results can be found at <https://cedars.sound-data.com/upload/confirmed-dashboard/SCG/2018/>.