CALIFORNIA
Efficiency + Demand Management
COUNCIL

Advancing Our Clean Economy

WELCOME TO TODAY'S IOU BUSINESS FORUM WITH SOCALGAS!

March 24, 2022

SoCalGas™

Today's Agenda

» Welcome / Administrative Items	Darren Hanway / Greg Wikler
» CP&A Organizational Structure	SoCalGas
» Business Plan Discussion	Darren Hanway
» Competitive Solicitation Update	Emma Ponco
» Requested CPUC Policy Changes	Erin Brooks
» Q&A Session	All

A Few Administrative Items

- Questions for each speaker can be asked at any time by using the chat function
- Serj and Greg will be monitoring the chat log throughout the Forum and asking the various questions during the Q&A sessions

Please take note of our antitrust guidelines and code of ethics

The Council has established a code of ethics to ensure that the activities of the members adhere to the highest standards of professional conduct, and that they recognize and protect the need for confidentiality when dealing with client or private interests. As a reminder, these documents are available on the Council website, www.cedmc.org.

The Council is a trade association of competitors. Compliance with all federal and state antitrust and other laws is essential. We must avoid any communications among member companies that might be construed to involve competitively sensitive matters, including the following topics:

- Prices or costs of producing a product
- Terms and conditions of sales or purchases
- Limits on production or product lines
- Allocating customers or territories
- Marketing plan (other than Council marketing)
- Refusing to deal with a customer/supplier or agreeing to treat a customer/supplier in a certain way
- Bidding for, or solicitation of, particular customers or suppliers

Participants in Council meetings and calls should not discuss any of these topics, whether during the meeting or call or any of its breaks, breakout sessions, side conversations, etc. If any of these topics are raised during the meeting or call, the meeting or call will be paused, and if no remedy is available, the meeting or call will end immediately.

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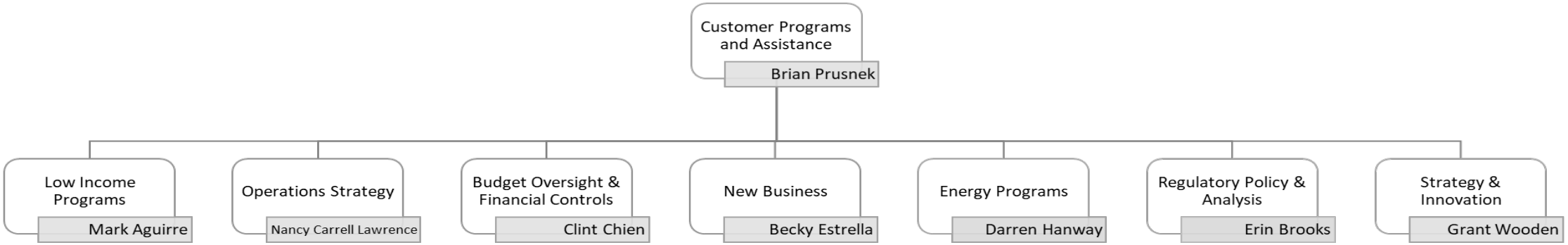
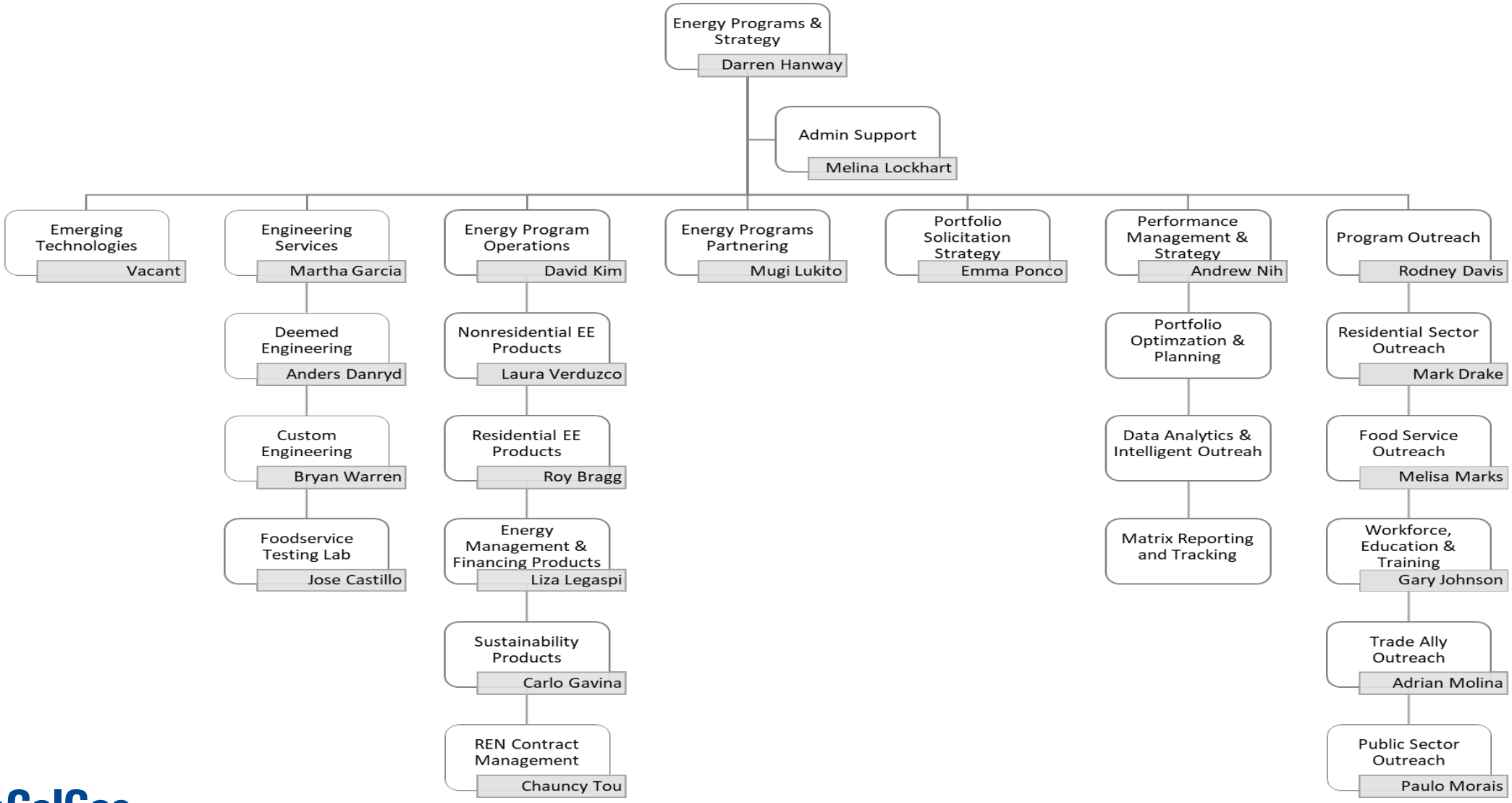
SoCalGas Customer Programs & Assistance Organizational Charts

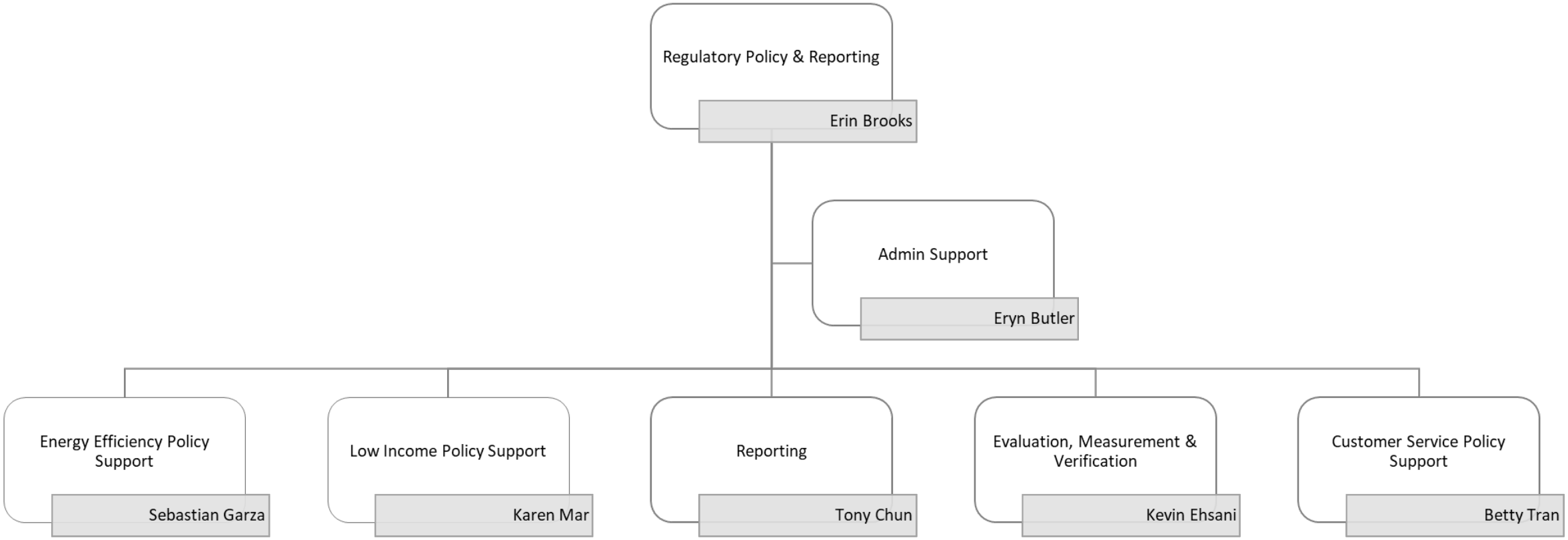
SoCalGas – Customer Programs & Assistance



SoCalGas – Energy Programs Team



SoCalGas – Regulatory Policy & Reporting Team



Darren Hanway – Manager of Energy Programs and Strategy

BUSINESS PLAN DISCUSSION

Vision for 2024 - 2031 Business Plan

SoCalGas' energy efficiency portfolio will accelerate California's progress toward clean energy goals through innovative and comprehensive customer-centric decarbonization solutions.

Overarching Principles:

- Deliver energy efficiency solutions that will enable greater system reliability, resiliency and sustainability.
- Provide access to affordable and equitable energy efficiency and decarbonization choices for all customers, with a particular focus on addressing inequity in Disadvantaged Communities.
- Increased investment in outreach, education, and market support partnerships to create a sustained, long-term commitment to energy efficiency.

Energy Efficiency Opportunities

- Aggressive expansion of energy efficiency activities, in market sectors with limited options to pursue cleaner renewable solutions.
- Pursue focused decarbonization of all customer comprehensive energy uses, including alternative fuels.
- Increase adoption of energy efficiency and decarbonization solutions within Disadvantaged Communities.
- Expand the definition of natural gas energy efficiency to pursue all behind-the-meter savings, including mitigation of fugitive methane emissions.
- Transition to a market strategy that uses financial incentives to motivate customers to upgrade to the most efficient equipment option.
- Leverage established represented labor resources to provide safe and quality installations of energy efficiency equipment for customers.
- Expand partnering strategy with public agencies throughout the service territory to advance energy efficiency, decarbonization, and water efficiency to shared customers.

Application Summary

	2024	2025	2026	2027	2028	2029	2030	2031
Budget	$151,687,539	$152,297,751	$153,091,120	$154,627,593	$159,575,676	$164,682,097	$169,951,925	$175,390,386
TSB	$145,057,071	$153,587,745	$159,287,464	$170,538,806	$183,621,499	$197,736,090	$212,814,714	$229,126,672

* Table does not include REN budgets or forecasts; TSB does not include C&S.

	2024-2027			2024-2031		
	Budget	**%**	**TSB**	**Budget**	**%**	**TSB**
Resource Acquisition	$ 404,933,006	66.2%	$ 567,679,018	$849,474,912	66.3%	$1,319,354,986
Equity	$ 85,901,113	14.0%	$ 37,036,777	$179,159,173	14.0%	$ 85,654,846
Market Support	$ 90,554,119	14.8%	$ 23,755,290	$189,239,608	14.8%	$46,760,237
Other (C&S, EM&V)	$ 30,315,765	5.0%	N/A	$63,430,393	5.0%	N/A
TOTAL Portfolio	$ 611,704,003	100.0%	$ 628,471,085	$1,281,304,087	100.0%	$1,451,770,069
(Administration)*	$55,511,364	9.1%	N/A	N/A	N/A	N/A

2024-2027 Cost Effectiveness	
Portfolio**	
TRC	**PAC**
1.07	**1.92**
Resource Acquisition	
TRC	**PAC**
1.11	**1.44**

**Portfolio w/ C&S
CE w/o C&S: 0.82, 1.00

*Includes 3P Administration costs

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Resource Acquisition

Year	2024	2025	2026	2027	Total
Budget	$100,328,888	$100,714,930	$101,233,221	$102,655,968	$404,933,006

- SoCalGas will focus resource acquisition activities on achieving the CPUC's annual Total System Benefit (TSB) goal and delivering cost-effective avoided cost benefits to its natural gas system in the Portfolio Plan period.
  - Target high potential energy efficiency opportunities to maximize ratepayer investment in energy efficiency
  - Pursue near-term behavioral and operational energy savings across all sectors
  - Reduce transactional costs in program delivery
- Meet SB350 goal to double energy efficiency from 2015 levels by 2030
- Transition rebates/incentives to most-efficient equipment
- Expansion of Strategic Energy Management projects to Commercial and other sectors as well as behavioral, retro-commissioning, and operational (BRO) offerings

Market Support

Year	2024	2025	2026	2027	Total
Budget	$21,425,993	$21,457,016	$21,482,459	$21,535,645	$85,901,113

- Enable long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, and evolving energy efficiency technologies towards greater cost-effectiveness
  - Build demand for energy-efficient products and services in all sectors; and increase access to capital to help customers overcome cost barrier to energy efficiency
  - Expand outreach to local trade and market channel actors on energy efficiency training, education, and incentives
  - Identify and advance newer technologies and applications (i.e., emerging technologies)
  - Leverage existing skilled labor unions to maintain and install energy efficiency equipment safely

Equity

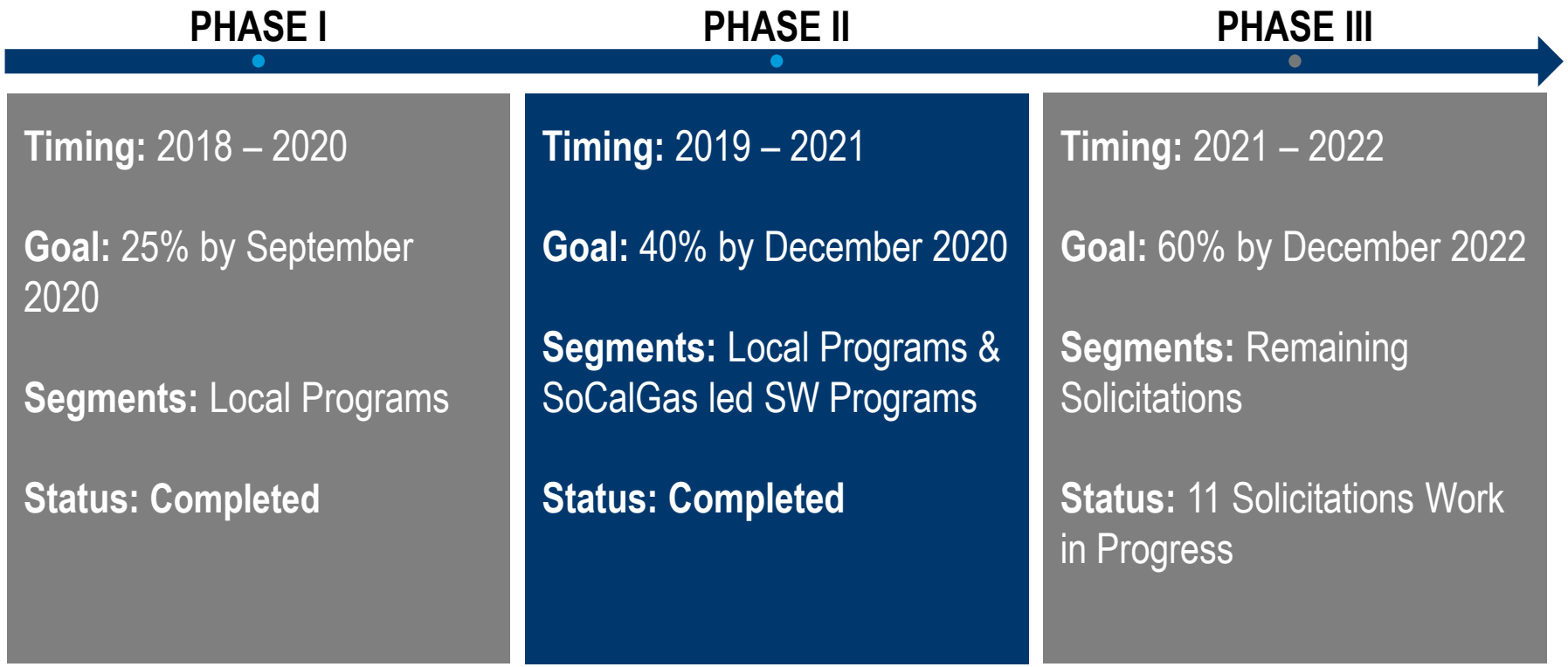
Year	2024	2025	2026	2027	Total
Budget	$22,403,256	$22,571,994	$22,789,894	$22,788,975	$90,554,119

- Provide energy efficiency solutions to hard-to-reach, disadvantaged, and/or underserved individuals, households, businesses, and communities (equity classified); focus on improving access to energy efficiency for these selected customer groups that will provide corollary benefits such as increased comfort and safety
  - Expanding outreach efforts to equity-classified customers and increasing their participation in energy efficiency program activities.
  - Increasing deep and comprehensive energy efficiency adoption for equity-classified customers leveraging the energy savings, carbon emission reduction, and water efficiency nexus through partnering.
  - Improving air quality and safety for equity-classified customers.
- Programs segmented between resource acquisition and equity-classified customers and will additionally promote resilience, health, comfort, and safety measures and activities
- Employ tailored outreach, higher incentives, more co-pay direct install measures to equity-classified customers

Emma Ponco - Portfolio Solicitation Strategy Manager

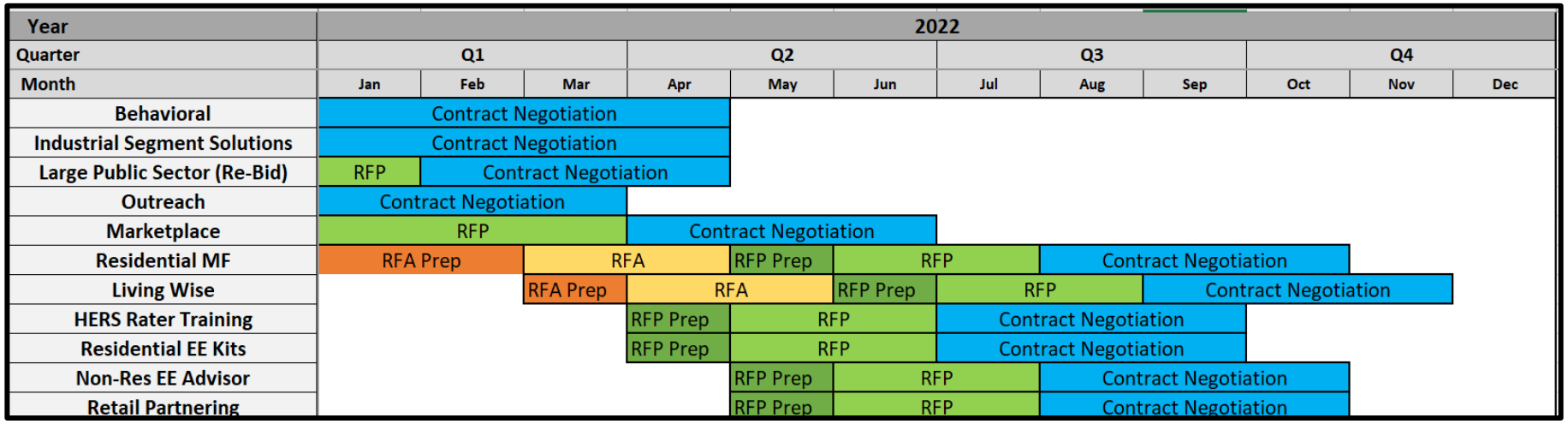
COMPETITIVE SOLICITATION UPDATE

PROGRAM SOLICITATION UPDATE



2022 SOLICITATION OVERVIEW

Phase III (60%)



2023: SoCalGas will initiate the *Innovative Designs for Energy Efficiency Activities (IDEEA365) Program*, an ongoing open solicitation intended to capture innovative new program proposals to enable customer engagement in energy efficiency.

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2022 SOLICITATIONS PROGRAM OVERVIEW

Phase III (60%) – Planned Solicitations

Residential Multifamily Whole Building

Recommendation: 2-Stage Solicitation

Overview:

Targets multi-family property owners through the Intelligent Outreach strategy which will identify properties with the greatest energy efficiency opportunity.

Encourages deeper energy savings by offering more comprehensive energy efficiency measures.

Comprehensive DI will offer qualified contractors who will engage directly with the customers to install measures. A co-pay option will be offered to the customer along with on-bill financing to offset the initial cost of the energy efficiency equipment.

Residential Living Wise

Recommendation: 2-Stage Solicitation

Overview:

The Program is a 6th grade Education model built on a proprietary Measure-Based Education (MBE) methodology.

This results in students who readily engage in the teacher-led education within their school and are empowered by the hands-on, lab-based take-home measure installations within their homes.

This personalized education program delivers increased energy literacy, optimum installation rates, and a deeper understanding of energy efficiency concepts, including Integrated Demand Side Management (IDSM).

Residential Energy Efficiency Kits

Recommendation: 1-Stage Solicitation

Overview: The EE kit contains energy-saving items that are easy to install. Possible products may include:

- Advanced power strip
- Low-flow showerhead
- Bathroom faucet aerator

Residential Retail Partnering

Recommendation: 1-Stage Solicitation

Overview: Retail partnering will reduce the perceived performance uncertainty and increase awareness of energy-efficient products. Promotion within the retail location at the time of purchase is a powerful approach to influencing the customer's purchase.

Retail partnering is also an integral part of addressing unexpected local needs within the service territory. Partnering will enable such endeavors to quickly and effectively promote energy-efficient products to specific areas of the service territory.

Non-Residential Energy Efficiency Advisor

Recommendation: 1-Stage Solicitation

Overview: Offers an integrated DSM audit delivered through mail-in and virtual environments that will be offered across the non- residential sector to identify energy efficiency opportunities.

Enable business customers, from Small-Medium-Businesses to large C&I, to optimize their energy usage by helping them understand their:

- Usage trends
- Ways to save
- Relevant programs and offers

HERS Rater Training

Recommendation: 1-Stage Solicitation

Overview: The Program will offer workforce, education, and training classes with increased budget to allow for more attendees and bring back classes that were cut before.

Work with existing apprenticeship and educational bodies to develop continuing education requirements for existing training.

Partner with continuing education entities to incorporate EE installation requirements to curriculum.

Erin Brooks - Customer Programs Regulatory Support Manager

REQUESTED CPUC POLICY CHANGES

SoCalGas Policy Recommendations – New Policies

- Incorporate Methane Reductions into Energy Efficiency Savings
  - The Commission should consider the remedy of behind the meter methane leakage (uncombusted natural gas) as an eligible energy efficiency activity by adding energy savings and CO2-equivalent savings in potential studies, cost-effectiveness calculations, and reporting. (Exhibit 1, Pgs. BP and CC-41-42)
- Exempt Energy Efficiency Program Delivery Using Utility Represented Employees from Third Party Outsourcing Requirements
  - SoCalGas proposes to use its represented employees in energy efficiency program delivery, and exempt these costs from the third-party outsourcing requirement. (Exhibit 1, Pgs. BP and CC-42-43)
- Update Avoided Cost Benefits to Reflect Upstream Water Energy Savings for Water Efficiency Measures
  - With the current shift to TSB, SoCalGas seeks the ability to claim the avoided cost benefits of upstream electricity savings for water pumping/delivery, as calculated by the Commission's Water-Energy Calculator 2.0, for any water-saving measures installed through its energy efficiency programs (Exhibit 1, Pgs. BP and CC-44)

SoCalGas Policy Recommendations – Modified Policies

- Modify the Fuel Substitution Test to Encourage Cleaner Fuel Switching
  - Consider fuel-switching within the scope of the energy efficiency proceeding for retrofit or replacement measures and projects for customers that reduce source BTU consumption, reduce GHG emissions, and increase reliability or affordability compared to unregulated fuels (e.g. wood, charcoal, or propane). (Exhibit 1, Pgs. BP and CC-44-46)
- Increase Equity and Market Support Funding Limits
  - Recalibrate the 30% cap to accommodate the current state of the energy efficiency portfolios, and to advance energy efficiency for hard-to-reach customers and in disadvantaged communities. (Exhibit 1, Pgs. BP and CC-46-47)
- Change the Statewide Program Funding Minimum to a Target and Reassess Value
  - funding ratios for each PA should be recalibrated after all the budgets are approved (or preliminarily approved). At that time, the Commission should reconsider if the 25 and 15% values should be adjusted and reconfirm if they should be a target or a minimum. (Exhibit 1, Pgs. BP and CC-47-48)
- Allow for Greater Flexibility in Third-Party Program Solicitations
  - Revise the two-stage third-party solicitations process to allow for a Single-Stage RFP Process (Exhibit 1, Pgs. BP and CC-48)
- Improve the Current Advice Letter Process for Third-party Contracts (Exhibit 1, Pgs. BP and CC-49)
  - Tier 2 advice letter requirements for third party contracts be increased to $5 million per year and/or with a term of longer than four years
  - No contract amendment Tier 1 ALs
- Revisit the Current Ex Ante Review Process (Exhibit 1, Pgs. BP and CC-50)
- Expansion of Strategic Energy Management Strategy to all Non-Residential Sectors (Exhibit 1, Pgs. BP and CC-51)
- Introduce Real-time EM&V to Estimate Program Attribution (Exhibit 1, Pgs. BP and CC-51)

All

Q&A

C L O S I N G
Thank You
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