

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

Application of Southern California Gas
Company (U 904 G), to Establish Gas
Demand Response Pilot Programs.

Application 23-01-004
(Filed January 6, 2023)

**RESPONSE OF THE
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL
TO APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) TO
ESTABLISH GAS DEMAND RESPONSE PILOT PROGRAMS**

Dated: February 9, 2023

Joe Desmond
Executive Director
**California Efficiency + Demand
Management Council**
849 E. Stanley Blvd #294
Livermore, CA 94550
Telephone: (925) 785-2878
E-mail: policy@cedmc.org

Luke Tougas
Consultant for
**California Efficiency + Demand
Management Council**
849 E. Stanley Blvd #294
Livermore, CA 94550
Telephone: (510) 326-1931
E-mail: l.tougas@cleanenergyregresearch.com

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I. INTRODUCTION

The California Efficiency + Demand Management Council (the “Council”) respectfully files this Response to Application (“A.”) 23-01-004 which is the Application of Southern California Gas Company (“SoCalGas”) to establish Gas Demand Response (“DR”) Pilot Programs. This Response is timely filed and served pursuant to Rule 2.6 of the Commission’s Rules of Practice and Procedure.

II. BACKGROUND

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.¹ Our member companies employ many thousands of Californians throughout the state. They include energy efficiency (“EE”), demand response (“DR”), and distributed energy resources (“DER”) service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. The Council’s mission is to support appropriate EE and DR policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

¹ Additional information about the Council, including the organization’s current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org>. The views expressed by the Council are not necessarily those of its individual members.

III. RESPONSE TO APPLICATION

Rule 2.6 of the Commission’s Rules of Practice and Procedure allows parties to either protest or respond to an application. The Council has reviewed the SoCalGas Gas DR Pilot Program application and provides a Response to the Application. The Council is generally supportive of SoCalGas’s Application and makes the following recommendations to further strengthen it:

- The Residential Smart Control (“RSC”) Pilot should be opened to all residential customers rather than limiting participation to low-income customers.
- The RSC Pilot should not be limited to customers with existing smart thermostats; SoCalGas should leverage existing technology incentive programs to recruit participants.
- SoCalGas should create an aggregator-based residential behavioral pilot open to participants with and without smart thermostats.
- The Direct Load Control (“DLC”) Pilot and Industrial Load Reduction (“ILR”) Pilot should be open to aggregators; the DLC Pilot could still be managed by a third-party implementer.

IV. PROPOSED SCHEDULE

The Council supports SoCalGas’s proposed schedule.

V. NEED FOR HEARINGS

The Council agrees with SoCalGas that evidentiary hearings are unnecessary.

VI. RECOMMENDED SCOPING ISSUES

The Council is generally supportive of SoCalGas’s Application. In spite of California’s decarbonization goals, the reality is that natural gas is currently a critical source of end-use energy that, like electricity, can suffer from acute local shortages caused by regional supply shortages or localized storage and delivery bottlenecks, especially during the winter months during region-wide cold snaps. With this in mind, the Council sees some areas for potential improvement and recommends the Commission consider SoCalGas’s application with the following questions in mind:

1. Should the Residential Smart Control (“RSC”) Pilot be limited to low-income customers only?

The Council appreciates SoCalGas ensuring that low-income gas customers with qualifying smart thermostats are provided an additional opportunity to manage their bills by participating in this pilot.² The Council supports including low-income customer participation in SoCalGas’s RSC Pilot as it helps advance equitable access to clean, affordable, and reliable energy. However, the Council recommends that this program not be solely limited to low-income customers; instead, it should be opened to include all residential customers with qualifying smart thermostats. With an estimated total low-income population of 80,000 and a target of 20,000 low-income participants, the Council is concerned that a 25 percent penetration rate within the two-year time frame of the RSC Pilot will be difficult to achieve. SoCalGas should target potential low-income participants to ensure this community is robustly and equitably represented, but SoCalGas should also seek to reach its 20,000-enrollment target as quickly as possible to provide the maximum amount of data necessary to inform and improve upon the pilot. Furthermore, from a load impact perspective, the Council also cautions that per-customer load impacts for low-income customers may be different than non-low income customers. To ensure RSC Pilot benefits are equitably available to SoCalGas’s customers and to maximize the Pilot’s overall load impacts, the Council recommends that the RSC Pilot be open to all qualifying customers while maintaining a minimum low-income enrollment target for a portion of the enrollment goal.

2. Should the RSC Pilot be limited to customers with existing smart thermostats?

SoCalGas envisions marketing its RSC Pilot to low-income customers who have in the past installed a smart thermostat through its direct-install energy efficiency programs.³ The Council suggests that SoCalGas consider expanding its recruitment pool and increase its per-customer load impact by allowing any customer with an eligible device to participate. This would include customers who already own a smart thermostat (bring-your-own-device or “BYOD”) and customers who purchase or otherwise receive a smart thermostat through another incentive program. Under this approach, SoCalGas could leverage online marketplace by allowing customers to purchase a smart thermostat and potentially other

² Southern California Gas Company’s Testimony in Support of its Application for Approval of its Demand Response Pilot Programs (Chapter 2: Proposed Pilot Programs), submitted on January 6, 2023 (“Chapter 2”), at p. 4, lines 7-9.

³ *Id.*, at p. 13, lines 14-24.

technologies (like water heating control technology) while simultaneously enrolling in the pilot. This would provide another channel for customer recruitment.

3. **Should SoCalGas be directed to create a behavioral residential pilot?** As SoCalGas has described, the RSC Pilot is a technology-based pilot in which SoCalGas will directly communicate with each participant's smart thermostat.⁴ The Council recommends that SoCalGas also consider an aggregator-based behavioral pilot in which aggregators would communicate to respective customers in response to a called event from SoCalGas. With a large number of residential customers already participating in third-party electric DR programs, there would likely be a significant amount of potential in such a pilot. Similar to behavioral DR programs implemented in other jurisdictions, such a pilot could be delivered to customers with or without smart thermostats. Savings could be measured with a high degree of accuracy utilizing an opt-out program design and randomized controlled trial ("RCT") measurement methodology similar to the behavioral energy efficiency programs in the IOU EE portfolios.
4. **Should all non-residential pilots be aggregator-based?** SoCalGas proposes that its FLEXmarket Pilot be an aggregator program whereas its Direct Load Control ("DLC") Pilot would be managed by a single third-party implementer, and its Industrial Load Reduction ("ILR") Pilot would be direct-enroll only.⁵ The Council recommends that the DLC Pilot and ILR Pilot be open to aggregators; the DLC Pilot could still be managed by a third-party implementer. Utilizing aggregators that already provide electric DR for all of the non-residential pilots will ensure robust participation and healthy per-customer load impacts by leveraging their existing relationships with customers that are already very familiar with DR .

VII. CONFIRMATION OF PARTY STATUS

Commission Rules of Practice and Procedure, Rule 1.4(a)(2)(i) provides that "a person may become a party to a proceeding" by filing "a protest or response to an application." As such, through the filing of this Response, the Council requests that it be given party status in A.23-01-004 (SoCalGas Gas DR Application) with the contact information below:

⁴ Chapter 2, at p. 4, lines 7-11.

⁵ *Id.*, at p. 5, line 22 through p. 12, line 30

Joseph Desmond
Executive Director
California Efficiency + Demand Management Council
849 E. Stanley Blvd #294
Livermore, CA 94550
Telephone: 925-785-2878
E-mail: policy@cedmc.org

VIII. CONCLUSION

The Council thanks the Commission for considering its Response and looks forward to actively participating in this proceeding.

Dated: February 9, 2023

Respectfully submitted,

/s/ JOSEPH DESMOND

Joseph Desmond
Executive Director
California Efficiency + Demand Management Council
849 E. Stanley Blvd #294
Livermore, CA 94550
Telephone: 925-785-2878
E-mail: policy@cedmc.org