

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)

**REPLY COMMENTS OF  
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL  
ON PROPOSED DECISION DENYING APPLICATION**

Dated: January 16, 2024

**Joseph Desmond**  
**Executive Director**  
**California Efficiency + Demand  
Management Council**  
849 E. Stanley Blvd #264  
Livermore, CA 94550  
Telephone: (925) 785-2878  
E-mail: [policy@cedmc.org](mailto:policy@cedmc.org)

**Luke Tougas**  
**Consultant for**  
**California Efficiency + Demand  
Management Council**  
849 E. Stanley Blvd #264  
Livermore, CA 94550  
Telephone: (510) 326-1931  
E-mail:  
[l.tougas@cleanenergyregresearch.com](mailto:l.tougas@cleanenergyregresearch.com)

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)

**REPLY COMMENTS OF  
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL  
ON PROPOSED DECISION DENYING APPLICATION**

**I. INTRODUCTION**

The California Efficiency + Demand Management Council<sup>1</sup> (“The Council”) respectfully submits these Reply Comments on the Proposed Decision Denying Application (“Proposed Decision” or “PD”), mailed in Application (“A.”) 23-01-004 (Southern California Gas Company (“SoCalGas”) Application) on December 21, 2023. These Reply Comments are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

**II. SOCALGAS WAS IN COMPLIANCE WITH ORDERING PARAGRAPHS 5-7 OF  
DECISION 20-02-043**

The Council chose to refrain from commenting in its Opening Comments on the PD’s allegations that SoCalGas was not in compliance with Ordering Paragraphs (“OPs”) 5-7 of Decision (“D.”) 20-02-043 because we wanted to first allow SoCalGas to address them. On the basis of their account, the Council can see that that there were certainly opportunities for subjective interpretations, but it is not at all clear that SoCalGas’s responsiveness was so poor as to warrant an outright dismissal of its Application. For instance, SoCalGas is correct in noting that OP 5 in effect authorizes, but does not require, SoCalGas to refile its application within 60 days of the workshop following issuance of D.20-02-043.<sup>2</sup> The critical element is the use of the word, “may” in the OP, rather than “shall” or the phrase, “is directed to”. In fact, in OP 5, the Commission directs SoCalGas to hold a public workshop to seek public input on its Commercial

---

<sup>1</sup> The views expressed by the California Efficiency + Demand Management Council are not necessarily those of its individual members.

<sup>2</sup> SoCalGas Opening Comments, at p. 4.

& Industrial Load Reduction Pilot stating, “Within 120 days of this decision, Southern California Gas Company *shall* hold at least one public workshop... [emphasis added].”<sup>3</sup> In that instance, the Commission clearly indicated the absence of discretion for SoCalGas. Such absence of discretion was not present with regard to exactly when SoCalGas had to refile its application, if it chose to do so.

OP 6 authorized the Energy Division to direct SoCalGas to file a new application after the workshop that was referenced in OP 5.<sup>4</sup> In its Opening Comments, SoCalGas argued that “OP 6 does not bar SoCalGas from filing an Application absent Energy Division’s authorization.”<sup>5</sup> The Council agrees. If the Commission had intended for Energy Division to be the sole arbiter of whether or not SoCalGas was authorized to submit an application, it would not have stated in OP 5 that SoCalGas “*may* refile an application for the approval of the C&I Load Reduction Pilot [emphasis added].”<sup>6</sup> Had that been the Commission’s intent, it stands to reason that OP 5 would have included Energy Division authorization as a precondition for SoCalGas to refile its application.

With regard to OP 7, it is not clear what more SoCalGas could have done to satisfy its directive that SoCalGas “consider other alternatives that could be effective in addressing natural gas curtailments and reliability issues that these DR Pilot Programs aimed to address, among others.”<sup>7</sup> Generally speaking, when there is an energy supply or reliability issue, it can be addressed by taking steps to increase supply and/or reduce demand. In this instance, SoCalGas chose to find ways to reduce demand through the deployment of the DR pilots it has proposed in its Application rather than adding supply. The Council appreciates that SoCalGas chose this option because it furthers the State’s decarbonization goals.

It appears clear that SoCalGas is in compliance with OPs 5-7 of D.20-02-043. Even allowing for a difference in interpretation of the Commission’s guidance in that decision, SoCalGas’s conduct was certainly not in bad faith or otherwise deserving of its Application being dismissed. Therefore, the Council respectfully urges the Commission to recognize this and revise the PD accordingly.

---

<sup>3</sup> D.20-02-043, at OP 6.

<sup>4</sup> *Id.*, at OP 6.

<sup>5</sup> SoCalGas Opening Comments, at p. 5.

<sup>6</sup> D.20-02-043, at OP 5.

<sup>7</sup> *Id.*, at OP 7.

### III. THE COMMISSION SHOULD WITHDRAW THE PD AND LET PARTIES ADDRESS THE SOCALGAS APPLICATION IN TESTIMONY

Based on SoCalGas's account of events in its opening comments, the Council is very troubled by the PD's rejection of the SoCalGas application partly on the basis of something so subjective as the assertion that "SoCalGas did not work cooperatively with the Commission and did not modify its Application in light of Energy Division's concerns prior to filing the Application."<sup>8</sup>

As the Council explained above, we agree with SoCalGas that OP 6 of D.20-02-043 does not bar it from filing an Application absent Energy Division's authorization.<sup>9</sup> With all due respect to the Energy Division, it should not be in the position of being the gatekeeper to what applications may proceed through the evidentiary process. The Energy Division's preference for a smaller budget in this instance appears to be based solely on an email communication between SoCalGas and the Energy Division in which the Energy Division suggested SoCalGas consider a lower budget.<sup>10</sup> This email is not in the record so parties can only infer that the Energy Division's concerns were highly subjective in nature. SoCalGas appears to confirm this in stating, "There is no evidence that the \$12.5 million request is 'excessive' when compared to the benefits of the DR Pilots."<sup>11</sup>

For the Commission to give this level of deference to the Energy Division would in effect place the Energy Division on an equal footing as the Commission itself in shaping policy; in fact, this would arguably bestow upon the Energy Division even greater power than the Commission because the Energy Division would be able to dictate the exact provisions that they would expect to see in an application as the price for "allowing" it to proceed through the evidentiary process. Similarly, the PD's assertion that "TURN and [Center for Accessible Technology ("CforAT")] made serious, substantive objections to the proposed DR pilot proposals" and the assertion that "SoCalGas's responses to them consist of little more than a repetition of its original request" is irrelevant.<sup>12</sup> SoCalGas is not obliged to conform to the desires of intervening parties, especially

---

<sup>8</sup> SoCalGas Opening Comments, at p. 6.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*, at pp. 4-5.

<sup>11</sup> *Id.*, at p. 5.

<sup>12</sup> Proposed Decision, at p. 11.

considering that these parties have only submitted written comments, not sworn testimony, into the record to support their positions.

The Council appreciates the advisory role that the Energy Division can play in instances such as this. However, it is unreasonable to dismiss SoCalGas's application based on parties' initial statements and on informal discussions held between SoCalGas and the Energy Division. The Council respectfully requests the Commission adopt SoCalGas's request to "withdraw the PD, keep this proceeding open, and issue a scoping memo so that parties have an opportunity to evaluate the proposed DR Pilots proposed in the Application."<sup>13</sup>

#### **IV. A MAJORITY OF PARTIES RECOGNIZE THE BENEFITS OF THE SOCIALGAS DR PILOTS**

Of the four parties that filed opening comments on the PD, three (including the Council) stressed the potential benefits that the SoCalGas pilots can provide in terms of improved reliability during acute gas shortages, interstate transmission congestion, and decarbonization. Like the Council, SoCalGas and Environmental Defense Fund ("EDF") also cite the learning opportunity these pilots provide due to the highly nascent nature of gas DR in California.

SoCalGas states it best, saying:

The DR pilots SoCalGas proposed in its Application are designed to reduce gas demand and improve system reliability during DR events which would benefit all SoCalGas customers, [footnote removed] as well as, gather information and learnings necessary for the effective design and implementation of future gas DR programs for the State. For example, the DR pilots will help understand the preferred DR program design, event durations, targeted customer groups, participant incentives, and potential system benefits and future costs. Much of this information is unknown at this time and California has an opportunity to take a leadership role with DR pilots like the ones SoCalGas proposed in the Application.<sup>14</sup>

EDF concurs, stating, "Since there is the opportunity to leverage Federal funds, EDF suggests that that the request would be helpful to get some information from now so that we can fully integrate the lessons learned later."<sup>15</sup> EDF also makes an interesting point about the ratepayer benefits stemming from the potential for gas DR to mitigate gas system and operational costs. EDF reasons that,

---

<sup>13</sup> SoCalGas Opening Comments, at p. 10.

<sup>14</sup> *Id.*, at p. 3.

<sup>15</sup> EDF Opening Comments, at p. 3.

In order for the gas utilities to analyze—and hopefully implement—non-pipeline alternatives to to [sic] costly new gas infrastructure and reduce the risk of even greater stranded assets, they must begin to gather data and better understand how those alternatives, including Gas DR, may be implemented to reduce gas system capital and operational costs. Dismissing the Application in its entirety is a missed opportunity for the Commission and stakeholders to vet and refine Gas DR pilots that are most likely to provide benefit to ratepayers.<sup>16</sup>

In contrast, CforAT states that the DR pilots are “not in the interest of ratepayers.”<sup>17</sup> This is an overly broad statement that fails to acknowledge any of the potential benefits of the DR pilots, nor does it address how the proposed budget exceeds those benefits. Indeed, this points to the importance of keeping this proceeding open so that parties opposing the Application will have the opportunity to submit testimony for the purpose of attempting to demonstrate, through the evidentiary process, that these pilots are not in the ratepayer interest. Following that process, if the Commission finds that the evidence does not indicate ratepayer interest is supported by these pilots, then it would retain the prerogative not to adopt the SoCalGas Application.

## V. CONCLUSION

The Council respectfully urges the Commission to withdraw the PD and issue a scoping memo in this proceeding, as SoCalGas has recommended.

Dated: January 16, 2024

Respectfully submitted,

/s/ JOSEPH DESMOND  
JOSEPH DESMOND  
Executive Director  
California Efficiency + Demand  
Management Council  
849 E. Stanley Blvd #264  
Livermore, CA 94550  
Telephone: 925-785-2878  
E-mail: [policy@cedmc.org](mailto:policy@cedmc.org)

---

<sup>16</sup> EDF Opening Comments, at p. 4.

<sup>17</sup> CforAT Opening Comments, at p. 2.