BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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Application of Southern California Edison Company (U 338-E) For Approval of its 2017 Transportation Electrification Proposals	A.17-01-021 (Filed January 20, 2017)

PROTEST OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) TO THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR APPROVAL OF ITS 2017 TRANSPORTATION ELECTRIFICATION PROPOSALS

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Pursuant to Rule 2.6 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure and the February 7, 2017 Chief Administrative Law Judge's Ruling Regarding Preliminary Determination of Category and Assignment, Setting of Protest and Response Deadlines, and Noticing of a Prehearing Conference for All Three Applications (Ruling), Southern California Gas Company (SoCalGas) submits its Protest to the Application of Southern California Edison Company (U 338-E) (Applicant) For Approval of its 2017 Transportation Electrification Proposals (Application).

I. SOCALGAS' INTEREST IN THIS PROCEEDING

SoCalGas is the nation's largest natural gas distribution utility, providing service to 21.6 million consumers connected through 5.9 million meters in more than 500 communities. The company's service territory encompasses approximately 20,000 square miles throughout central and Southern California, from Visalia to the Mexican border. This service territory overlaps with that of the Applicant in many communities. Further, SoCalGas offers service to over 310 Natural Gas Vehicle (NGV) refueling stations through existing distribution and customer facilities infrastructure and rate schedules.

The Application includes three pilot projects aimed at accelerating light-duty electric vehicle (EV) adoption, two pilot projects to promote electrification at the Port of Long Beach,

one pilot to accelerate electric bus adoption at transit agencies, one EV rate proposal to incentivize EV adoption, and one standard-review program providing charging infrastructure for non-light-duty EVs. The total costs of the proposed projects and programs are approximately $573 million over the five-year program period. SoCalGas' primary interest in this proceeding relates to the Applicant's proposed standard-review program addressing charging infrastructure for non-light-duty EVs. For that proposal, SoCalGas' focus will be two-fold: (1) to identify what potentially could be harmful from that proposal to its customers and/or shareholders from stranded assets related to NGV infrastructure and (2) to assess whether the proposal adequately demonstrates that the emissions outcome of transportation electrification in the heavy-duty (HD) sector would not hinder the current progress toward achieving California's environmental goals pursuant to Senate Bill (SB) 32, SB 1383, and the Short-Lived Climate Pollutant Strategy; specifically, the reduction of greenhouse gas (GHG) emissions in the HD sector, and the capture of 40% of the State's methane emissions by 2030 for use as an energy resource in the transportation sector, as well as for other end uses.

Should the Commission approve the Applicant's proposal to socialize infrastructure costs past the meter for non-light-duty EVs, it would artificially decrease the total cost of ownership of EVs by transferring significant costs to other residential and commercial electric ratepayers, which would in turn place NGVs at a distinct economic disadvantage. Since NGV fleet operators do not receive similar subsidization by the Commission, investments in NGV infrastructure may be abandoned by fleet operators, leaving such assets stranded.

Over the past 15 years, transit agencies transitioned their fleets to Compressed Natural Gas (CNG) in response to regulations required by the South Coast Air Quality Management District (SCAQMD) to reduce particulate matter (PM) and Nitrogen-Oxides (NOx) emissions. SoCalGas has made significant investment in distribution and customer facilities to serve this new load, and also made investments at our bases to provide third-party access at our CNG fueling stations for smaller fleets that do not have on-site refueling infrastructure. If the Commission approves the Applicant's request to socialize the cost of EV charging infrastructure

for transit fleets and other HD fleets, then these assets potentially could be stranded. As a result, SoCalGas' ratepayers and/or shareholders would pay the cost of these stranded assets resulting from policies that are anti-competitive and unfair to other alternative fuel technologies.

Although the Application was submitted pursuant to SB 350, which intends to accelerate transportation electrification in order to achieve California's 2030 GHG emissions reduction targets, the proposal to socialize infrastructure costs past the meter for non-light-duty EVs goes beyond what is necessary to achieve SB 350's goal to the detriment of ratepayers.[1] To be clear, SoCalGas' interest is not to oppose the acceleration of transportation electrification. It is the means by which Applicant proposes to implement transportation electrification that potentially could be harmful to existing NGV assets and gas ratepayers.

Moreover, SoCalGas intends to submit testimony in this proceeding demonstrating that NGVs can provide valuable emissions benefits. For example, LA Metro has studied the emissions reduction potential for transitioning its fleet to electric batteries, fuel cells, or near-zero emission engines/renewable gas. According to LA Metro's analysis, there are greater emissions reductions achievable through the 2040 timeframe from the near-zero emission engine fueled with renewable gas (RG).[2] Furthermore, just last week, SCAQMD approved its Air Quality Management Plan with the following amendment that was supported unanimously by the SCAQMD governing Board: "Whereas, an accelerated deployment of current and emerging near zero emission natural gas engine tech will provide significant, cost-effective and near term benefits to regional and local air quality, energy supply security, and public health. Be it further resolved that the mobile source incentive program outlined places priority on the most cost-effective technologies to reach short-term air quality goals such as current and emerging near-

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[1] *See, e.g.*, Pub. Util. Code § 740.12(c)("If market barriers unrelated to the investment made by an electric corporation prevent electric transportation from adequately utilizing available charging infrastructure, the commission shall not permit additional investments in transportation electrification without a reasonable showing that the investments ***would not result in long-term stranded costs*** recoverable from ratepayers.")(emphasis added).

[2] *See* Los Angeles County Metropolitan Transportation Authority, "Zero Emission Bus Option 2015-2055," dated Sept. 14, 2016, at p.2, Table 2, *available at* https://media.metro.net/board/Items/2016/09_september/20160914atvcitem4.pdf

zero emission NG engine technologies." Before approving the Applicant's proposal to socialize infrastructure costs past the meter for non-light-duty EVs, the record in this proceeding should be required to demonstrate how the proposal advances climate change goals in comparison to the current status where, at transit agencies, for example, almost all fleets in Southern California are no longer using diesel and a majority are utilizing RG, which is cleaner from a GHG and carbon intensity perspective than utilizing electricity.

By artificially increasing the costs of NGV buses and trucks in comparison to EVs, the Application, if approved, would also adversely impact the implementation of SB 1383, which seeks to reduce GHG emissions by promoting the capture of organic sources of methane (biomethane or RG) for use in the transportation sector. The nascent RG market will only develop if transportation end uses are available to offset the incremental cost of RG. Those NGV end uses would be displaced by Applicant's proposal. Accordingly, Applicant's proposal to have other electric ratepayers subsidize charging infrastructure for transit and municipal fleets creates an anti-competitive situation that undermines the GHG reduction goals of SB 32, SB 1383, and the Short-Lived Climate Pollutant Strategy.

II. PROPOSED CATEGORIZATION, NEED FOR HEARINGS, AND PROPOSED SCHEDULE

SoCalGas agrees with the Applicant that the proceeding should be categorized as ratesetting. The Applicant includes within its proposed procedural schedule a placeholder for evidentiary hearings. SoCalGas agrees with the proposed schedule, including a placeholder for hearings. At this time, SoCalGas believes that its interests fall within what the Applicant has characterized as "Phase 2."

III. ISSUES TO BE CONSIDERED IN THIS PROCEEDING

SoCalGas generally agrees with the Applicant's list of issues presented in Section C.3 of the Application. However, the scope should also include: (1) whether there potentially could be harm to natural gas ratepayers from stranded assets related to NGV infrastructure if the

Commission should approve the Applicant's non-light-duty EV proposal and (2) whether the proposal adequately demonstrates that the emissions outcome of transportation electrification in the HD sector would not hinder the current progress toward achieving California's environmental goals pursuant to SB 32, SB 1383, and the Short-Lived Climate Pollutant Strategy.

Respectfully submitted,

By: *_/s/ Melissa Hovsepian_*
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