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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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

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

SIERRA CLUB AND NATURAL RESOURCES DEFENSE COUNCIL MOTION TO TERMINATE SOUTHERN CALIFORNIA GAS COMPANY'S ENERGY EFFICIENT NEW HOMES PROGRAM AND SANCTION SOCALGAS FOR VIOLATIONS OF COMMISSION RULES

Matthew Vespa
Earthjustice
50 California St., Suite 500
San Francisco, CA 94111
Tel: (415) 217-2123
Email: mvespa@earthjustice.org

On Behalf of Sierra Club

Merrian Borgeson
Natural Resources Defense Council
111 Sutter Street, 21st Floor
San Francisco, CA 94104
Tel: (415) 875-6100
Email: mborgeson@nrdc.org

On Behalf of Natural Resources Defense Council

Dated September 16, 2020

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OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.	Rulemaking 13-11-005 (Filed November, 2013)

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Pursuant to California Public Utilities Commission ("Commission") Rule of Practice and Procedure 11.1, Sierra Club and the Natural Resources Defense Council ("NRDC") respectfully file this Motion to Terminate Southern California Gas Company's ("SoCalGas") Energy Efficient New Homes Program and Sanction SoCalGas for Violations of Commission Rules.

I. INTRODUCTION

In August 2018, SoCalGas created the Energy Efficient New Homes ("EENH") Program, a ratepayer funded efficiency program that incentivizes use of gas appliances in new residential construction.[1] This program does not require energy savings beyond the code minimum for new buildings, undermines the State's climate goals, was created without adequate public process and Commission review, and should be terminated with SoCalGas sanctioned for violating Commission efficiency rules.

EENH fails to comply with well-established rules requiring that efficiency programs must result in energy savings that are above code or industry standard practice. In the case of new residential construction, the overwhelming majority have been mixed-fuel dwellings. Nothing in the EENH rules prevents a builder from taking credit for efficient gas appliances to reduce the efficiency of other aspects of building performance, and thus only meet the code minimum energy efficiency level for the building type (mixed-fuel residential) that is the current industry standard. In this scenario, EENH would squander ratepayer efficiency funds on new construction that meets, but does not exceed, the building code for a building type that is already

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[1] Attach. 1, *Data Request Sierra Club-SoCalGas-03*, at Q.1 (Aug. 10, 2020); SoCalGas, *Energy Efficient New Homes Program*, https://www.socalgas.com/for-your-business/builder-services/energy-efficient-homes (last visited Sept. 10, 2020).

the industry standard. In failing to ensure that incentives result in energy savings beyond what is required by code, the EENH program violates Commission standards, improperly competes with the California Advanced Homes Program ("CAHP"), and impedes deployment of electric appliances by reducing the cost for code compliance for mixed-fuel homes through incentivizing gas appliances, thereby locking in yet more fossil fuel infrastructure and greenhouse gas ("GHG") pollution. With SoCalGas stating it "does not have any current plans to terminate this program,"[2] its use of ratepayer funds to incentivize reliance on fossil fuels and create more stranded assets on the gas system will continue absent Commission action.

SoCalGas also created this program without the required Commission oversight and opportunity for public review. Commission rules require utilities to submit an Advice Letter when contemplating new efficiency programs. EENH is fundamentally a new program. It has a dedicated webpage, application process, a new target audience and marketing channels, and, if it had been properly implemented, would require new analysis and criteria to demonstrate that it results in energy savings. Yet SoCalGas avoided Commission review by recording an addendum to its Program Implementation Plan ("PIP") to redirect money from existing programs by changing their eligibility to include new construction, and then using those funds for EENH.[3] Even when SoCalGas subsequently filed its 2019 Annual Budget Advice Letter ("ABAL"), nowhere did SoCalGas mention EENH or disclose that it had taken ratepayer funds from existing programs to target new construction.[4] Given the fundamental flaws in the EENH program, SoCalGas' use of a PIP addendum avoided the scrutiny and protests that would have likely resulted had it followed the proper procedures for approval of new efficiency programs.

SoCalGas should be sanctioned. From opposing local government efforts to adopt all-electric reach codes, to forming and financing an anti-electrification front group, to undermining adoption of robust efficiency standards, the EENH Program is but one of a long list of SoCalGas activities designed to keep California dependent on gas when the impacts of the climate crisis and the urgency of rapidly reducing reliance on fossil fuels could not be more apparent.[5] In

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[2] Attach. 1 at Q.1(c).

[3] *Id.* at Q.1.

[4] SoCalGas, *2019 ABAL 5349-A* (Oct. 29, 2018) ("2019 ABAL 5349-A"), https://www2.socalgas.com/regulatory/tariffs/tm2/pdf/5349-A.pdf.

[5] *See*, *e.g.*, Sammy Roth, *Is America's biggest gas utility abusing customer money? A California watchdog demands answers*, LA Times (July 23, 2020),

avoiding Commission review of the EENH Program through an Advice Letter and using ratepayer funds for a program that does not ensure efficiency savings, SoCalGas violated Commission rules. In addition to requiring that the costs of all funds expended to date on EENH be borne by SoCalGas shareholders, the Commission should impose sanctions on SoCalGas for its violations of Commission rules pursuant to Public Utilities Code Section 2107. Absent the Commission imposing a consequence on SoCalGas for its disregard of Commission rules and efforts to frustrate achievement of California's clean energy and climate objectives, SoCalGas' behavior will only continue.

II. DISCUSSION

A. The Commission Should Immediately Terminate the EENH Program.

1. The EENH Program Violates Well-Established Commission Policy Requiring Efficiency Programs to Achieve Savings Above Code or Industry Standard Practice.

The baseline for determining energy efficiency ("EE") incentive eligibility is "what regulations, codes, and/or industry standard practices (collectively, "code"), dictate, not what existing conditions happen to be."[6] This is because "[t]he purpose of EE incentives is to lead customers to save energy in ways that they would not have absent the incentive… Customers are generally legally obliged to meet code requirements when replacing a burned-out piece of equipment, when engaging in a normal retrofit, and in new construction."[7] The Commission has therefore found that "for new construction projects in any sector, our policy will remain that

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https://www.latimes.com/environment/story/2020-07-23/is-americas-biggest-gas-utility-fighting-climate-action-california-demands-answers; Sammy Roth, *California ditched coal. The gas company is worried it's next*, LA Times (Oct. 22, 2019), https://www.latimes.com/environment/story/2019-10-22/southern-california-gas-climate-change; LA Times Editorial Board, *SoCalGas' sleazy 'Astroturf' effort to keep fossil fuels flowing in California*, LA Times (Aug. 10, 2019), https://www.latimes.com/opinion/story/2019-08-10/socalgas-astroturf-cpuc-aliso-canyon; Decision ("D.") 18-05-041, *Decision Addressing Energy Efficiency Business Plans*, at 139, 141–144 (June 5, 2018), http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF.

[6] D.14-10-046, *Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets (Concludes Phase I of R.13-11-005)*, at 153, Finding of Fact ¶ 35 (Oct. 24, 2014).

[7] *Id.* at 55–56*; see also id.* at 153, Finding of Fact ¶ 36.

baseline will be set based on the required codes and/or standards."[8] SoCalGas' EENH Program contravenes these long-standing requirements because it does not require new construction to exceed the building code ("Title 24") or standard practice. Indeed, by its own admission, the EENH Program Guidebook states the program "provides rebates to builders of eligible new residential construction projects that are built *to* the State of California Title 24 Energy Efficiency Standards."[9]

In the case of new construction, the applicable code is Title 24 Building Code Standards. Title 24 Part 6 provides two pathways for energy efficiency compliance, a performance approach and a prescriptive approach.[10] As set forth in the Title 24 Residential Compliance Manual:

> **The performance approach** (Section 1.6.4) is more complicated but offers considerable design flexibility. The performance approach requires an approved computer software program that models a proposed building, determines the allowed energy budget, calculates the energy use of the building, and determines when it complies with the budget. Compliance options such as window orientation, shading, thermal mass, zonal control, and house configuration are all considered in the performance approach. This approach is popular with production home builders because of the flexibility and because it provides a way to find the most cost-effective solution for complying with the Energy Standards.[11]

Through the performance approach, builders can trade off various energy efficiency measures, such as wall, attic, or window efficiency to achieve a maximum energy "budget."

The EENH Program provides significant incentives that are targeted at specific appliances.[12] For example, a single-family home could receive $2,000 in rebates for installing an EENH Tier 3 gas tankless water heater and an EENH Tier 3 gas furnace.[13] While these appliances are above the minimum federal energy efficiency standards for appliances, or

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[8] D.16-08-019, *Decision Providing Guidance for Initial EE Rolling Portfolio Business Plan Filings*, at 35–36 (Aug. 25, 2016), https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M166/K232/166232537.PDF.

[9] EENH Program Guidebook at Program Overview (emphasis added).

[10] *See*, *e.g.*, Energy Code Ace, *2016 Building Energy Efficiency Standards – Reference Ace v31*, https://energycodeace.com/site/custom/public/reference-ace-2016/index.html#!Documents/16mandatorymeasuresandcomplianceapproaches.htm.

[11] *Id.*

[12] EENH Program Guidebook, Single Family and Multi-Family Worksheets, https://www.socalgas.com/for-your-business/builder-services/energy-efficient-homes.

[13] *Id.*

building code prescriptive standard for *individual* appliances, the added efficiency of these rebated appliances can be "traded off" with other building efficiency measures through the code's *performance* approach, resulting in no overall energy savings beyond what is already required by law through Title 24. The performance approach is used for the vast majority of new single-family homes, so it is likely that many of the buildings receiving thousands of dollars in rebates through EENH do not in fact achieve additional energy savings, as is required of the State's energy efficiency programs. In addition, these funds support the current industry standard practice of building mixed-fuel homes, as all-electric homes currently have very low adoption rates.[14]

To receive incentives under the EENH program, an applicant need only complete a worksheet listing the number of gas appliances purchased to calculate a total rebate amount and provide proof of equipment purchase.[15] No other showing is necessary. For the EENH Program to comply with Commission requirements for new home efficiency programs, it would need to require a demonstration that Title 24 compliance would be achieved *without* the incentivized equipment to ensure incentive funding is not simply being used to reduce efficiency requirements elsewhere. In failing to do so, the EENH enables developers to build to code in a manner that maximizes use of gas appliances without achieving any additional energy savings.

Under the *prescriptive* approach to meeting Title 24 building efficiency standards, "[e]ach energy component of the proposed building must meet a prescribed minimum efficiency."[16] If a builder used this approach to meet Title 24 code requirements and installed equipment that exceeded minimum appliance standards for the prescriptive approach, that equipment could be viewed as above code, because benefits could not be traded, as under the performance approach. However, there is no requirement under EENH that a builder use the prescriptive approach to be eligible for incentives, or even if it did, that the builder provide documentation supporting its use of this compliance method. The only supporting

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[14] SCE, *Customer Energy and Solar Division, Program Implementation Plans*, at 10 (2020), https://cedars.sound-data.com/documents/download/1670/main/.

[15] EENH Program Guidebook; Attach. 2, *Data Request Sierra Club-SoCalGas-05*, at Q.7 (Aug. 26, 2020) ("[T]he EENH Guidebook (including the Application and worksheets) describes the entirety of information an applicant must provide to receive rebates.").

[16] Energy Code Ace, *2016 Building Energy Efficiency Standards – Reference Ace v31*, https://energycodeace.com/site/custom/public/reference-ace-2016/index.html#!Documents/16mandatorymeasuresandcomplianceapproaches.htm.

documentation required to receive gas appliance incentives are a home address for the project, proof of equipment purchase and a W-9 Form for the rebate recipient.[17]

SoCalGas' webpage for EENH advertises that "Now It's Easier for Builders to Receive Rebates for Installing Natural Gas Appliances in New Homes."[18] This much is true. The criteria to claim rebates under the EENH program are far more lax than California's statewide efficiency program for new residential construction, the CAHP. To ensure efficiency funding is only used for new residential construction that "exceeds compliance" with Title 24 Building Energy Efficiency Standards as required under Commission requirements, CAHP requires a Title 24 Certificate of Compliance authored by a code Certified Energy Analyst, a complete set of construction plans, and verification by a certified Home Energy Rating System rater.[19] It is "easier for builders to receive rebates" under EENH because EENH does not comply with Commission requirements for efficiency programs. In creating a substandard program that does not comport with minimum program requirements, EENH improperly competes with legitimate programs such as the statewide CAHP and should be terminated immediately.

2. The EENH Program Incentivizes Expanding the Gas System in Contravention of State Requirements for a Zero-GHG Emissions Future.

In addition, EENH incentivizes the expansion of gas system infrastructure with corresponding stranded asset consequences for ratepayers. In the Building Decarbonization proceeding, the Commission directed all incentives for the Building Initiative for Low-Emissions Development ("BUILD") program "to new residential housing that is at a minimum, all-electric, given the state's policy commitment to a zero-GHG electricity supply by 2045 and the risk of locking in new natural gas assets that could be unused or underutilized before the end of their life."[20] As the Commission properly reasoned, "limiting natural gas line extensions [is] of strategic policy value to California."[21] The same reasoning holds true here. In providing

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[17] EENH Program Guidebook.

[18] SoCalGas, *Energy Efficient New Homes Program*, https://www.socalgas.com/for-your-business/builder-services/energy-efficient-homes (last visited Sept. 11, 2020).

[19] *See* California Advanced Homes, *2018-2019 California Advanced Homes Program*, at 2, 3 (2019), https://www.socalgas.com/sites/default/files/2020-02/CAHP%20SW%20Handbook%20Update%202019-08_remediated.pdf.

[20] D.20-03-027, *Decision Establishing Building Decarbonization Pilot Programs*, at 65 (Mar. 26, 2020), https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M331/K772/331772660.PDF.

[21] *Id.* at 66.

incentives for gas appliances for new residential construction that do not require a builder to exceed code, EENH competes against opportunities for all-electric new construction and encourages expansion of the gas system despite significant stranded asset risk and inconsistency with California's 2045 decarbonization objectives. To be consistent across proceedings, the Commission should prohibit this counterproductive use of efficiency funding.

B. The Commission Should Sanction SoCalGas.

The Commission must hold SoCalGas accountable for misuse of ratepayer funds in awarding incentives for a program that does not ensure energy savings, and for creating yet another impediment to California's efforts to end its reliance on fossil fuels. Simply terminating the EENH Program absent any consequence will only embolden SoCalGas' apparent practice of violating Commission rules and correcting itself only if discovered.[22] Absent sanctions, this behavior will continue. Accordingly, the Commission should require the more than $400,000 in EENH incentives SoCalGas has paid to builders under the EENH Program to be borne by shareholders.[23] The Commission should also impose sanctions, with at least part of these sanctions directed to electrification programs for their customers as restitution for SoCalGas' improper incentives for gas in new construction.

With regard to SoCalGas' violation of Commission rules, SoCalGas first improperly avoided Commission review of the EENH Program by establishing it through the inappropriate use of a PIP addendum. PIP addendums are not filed with the Commission or served on parties to the EE proceeding.[24] SoCalGas therefore never meaningfully alerted the Commission and parties that it was introducing a new program offering rebates for gas appliances in new construction. Commission rules require that utilities must seek approval of new efficiency

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[22] For example, SoCalGas initially authorized $28 million for its anti-electrification astroturf group, Californians for Balanced Energy Solutions, and related activity to a ratepayer account. SoCalGas only changed this to a shareholder account after the Public Advocates Office began its investigation into SoCalGas' potential misuse of ratepayer funds. Attach. 3, *Balanced Energy Work Order Authorization* (Mar. 28, 2019) and SoCalGas Response to *Data Request CALADVOCATES-SK-SCG-2020-01*, at Q. 4 (Feb. 7, 2020) (changing balanced energy activities from ratepayer to shareholder account on Oct. 30, 2019).

[23] Attach. 1 at Q.1.

[24] Attach. 2 at Q.1.

programs through the Advice Letter process.[25] SoCalGas' assertion that it could bypass this requirement because it merely changed eligibility of existing appliance programs to include new construction, and therefore could use the PIP addendum process, is without merit.[26] EENH is a new program with its own name, dedicated webpage, and application process.[27] It has a different target audience and marketing channels than existing buildings programs, and, if it had been properly implemented, would require new analysis and criteria to demonstrate that it results in energy savings. As SoCalGas admits, the changes it made to existing programs were "the progenitor to what would become the EENH subprogram."[28] A PIP addendum was therefore not appropriate because the eligibility change was merely the vehicle for funneling existing ratepayer efficiency funds to launch an entirely distinct program from the existing program from which funding was derived, in this case incentives for existing buildings. The Commission therefore cannot legitimately view EENH as anything but a new program that required approval through an Advice Letter. While SoCalGas asserts it later received Commission approval for EENH through its 2019 ABAL,[29] its 2019 ABAL contains no mention of EENH or even that it changed existing programs to include new construction.[30]

Were SoCalGas to have noticed the EENH program though an Advice Letter as required, it would have likely faced protests and limited prospect of approval. SoCalGas improperly sought to avoid this outcome by interpreting its new program as a modification to an existing program. This rationale led to avoiding Commission rules requiring approval of new programs though an Advice Letter. As set forth in Public Utilities Code § 2107, the Commission should sanction SoCalGas between $500 and $100,000 for its failure to comply with Commission rules for each day this violation continues, in this case running from August 16, 2018, the date of its PIP addendum, to the present.[31]

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[25] Commission, *Energy Efficiency Policy Manual, Version 6*, at App. A, Notes (c) (Apr. 2020), https://www.cpuc.ca.gov/energyefficiency/.
[26] Attach. 2 at Q.2.
[27] *See* SoCalGas, *Energy Efficient New Homes Program*, https://www.socalgas.com/for-your-business/builder-services/energy-efficient-homes (last visited Sept. 10, 2020).
[28] Attach. 2 at Q.1.
[29] Attach. 1 at Q.1.
[30] 2019 ABAL 5349-A; Attach. 2 at Q.3 (citing 2019 ABAL 5349-A at 10, Table 8: Expanded Program for PY 2019 stating only that "program will encompass single family, multifamily, and deemed homes.").
[31] Pub. Util. Code § 2107; Attach. 1 at Q.1 (citing PIP addendum to SCG3702 (https://cedars.sound-data.com/documents/download/1169/change_summary/) and PIP addendum to SCG3704 (https://cedars.sound-data.com/documents/download/1168/change_summary/)).

Second, as detailed in Section II.A, SoCalGas violated Commission efficiency rules because the EENH Program does not ensure that energy savings are achieved with the program. There is nothing in the program preventing a builder from taking compliance credit for efficient appliances under Title 24's performance path to cover a corresponding reduction in other home efficiency measures so that the building overall meets, but does not exceed, Title 24 building standards. This second violation of Commission rules also calls for sanctions from $500 to $100,000 per day beginning on August 18, 2018.

The sanctions the Commission imposes on SoCalGas should be significant. The impact of SoCalGas' violation of Commission rules goes beyond its misuse of ratepayer efficiency funds. Incentivizing fossil-fueled appliances for the construction of mix-fuel code minimum new buildings has public health and economic consequences by committing California to additional climate and air pollution and hindering the necessary transition away from the gas system. It is time for the Commission to make clear that when SoCalGas breaks the rules to further California's dependency on fossil fuels, the Commission will hold SoCalGas accountable and make California whole by directing at least part of sanctions toward electrification programs. For example, the Commission could direct a portion of these funds towards all-electric new construction through the BUILD program, which is currently under development and has very limited funds for market rate new construction.

III. CONCLUSION

For the reasons set forth above, Sierra Club and NRDC request the Commission terminate the EENH program, require all costs of the EENH program to come from SoCalGas shareholders, and impose sanctions on SoCalGas for violating Commission efficiency rules, with at least part of any sanctions directed toward electrification of gas end uses.

Dated: September 16, 2020

Respectfully submitted,

/s/Matthew Vespa
Staff Attorney
Earthjustice
50 California Street, Suite 500
San Francisco, CA 94111
Tel: (415) 217-2123

Email: mvespa@earthjustice.org

On Behalf of Sierra Club

Merrian Borgeson
Natural Resources Defense Council
111 Sutter Street, 21st Floor
San Francisco, CA 94104
Tel: (415) 875-6100
Email: mborgeson@nrdc.org

On Behalf of Natural Resources Defense Council

Attachment 1

Data Request Sierra Club-SoCalGas-03 (Aug. 10, 2020)

ORDER INSTITUTING RULEMAKING CONCERNING ENERGY EFFICIENCY ROLLING PORTFOLIOS, POLICIES, PROGRAMS, EVALUATION, AND RELATED ISSUES

(R.13-11-005)
SOUTHERN CALIFORNIA GAS COMPANY

(DATA REQUEST SIERRA CLUB-SOCALGAS-03)
DATE RECEIVED: JULY 27, 2020
DATE SUBMITTED: AUGUST 10, 2020

QUESTION 1:

The February 8, 2019 Order Instituting Rulemaking ("OIR") in R. 19-01-011 states on Page 10 that the proceeding will establish a "Building Decarbonization Policy Framework," which "involves the development of a coherent and comprehensive set of Commission rules, policies, and procedures to accelerate the reduction of GHG from buildings." The OIR notes that "[t]his area may involve rules for programs already funded through electricity and natural gas rates."

In addition, on Pages 9-10, the OIR states that R. 19-01-011 will also address programs for new construction, and "consider offering incentives to builders for reaching for more aggressive targets in the current code."

SoCalGas currently offers incentives to builders through the Energy Efficient New Homes program ("EENH"), an energy efficiency program targeted at new construction (*see* at https://www.socalgas.com/for-your-business/builder-services/energy-efficient-homes#:~:text=SoCalGas%20has%20updated%20the%20Energy,gas%20appliances%20and%20controller%20devices). The questions below seek information on the extent to which EENH impacts the GHG emissions from new construction and incentivizes builders to reach for more aggressive energy efficiency targets than the current code, as well as the extent to which EENH is funded through natural gas rates.[1]

a. Page 4 of SoCalGas's EENH Handbook, available at https://www.socalgas.com/sites/default/files/2020-06/SoCalGas%20EENH%20Program%20Guidebook%202020_remediated.pdf, states that EENH is administered "under the auspices of the California Public Utilities Commission."
    i. Please identify the origin of each incentive making up the EENH program, its authorization and its supporting workpapers.

    ii. Please identify any Commission decision or other authorization for combining appliance incentives under the umbrella of the EENH program.

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[1] To the extent that SoCalGas believes these questions are not in scope for R. 19-01-011, please consider this Data Request concurrently noticed in R. 13-11-005, the Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.

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b. Page 4 of the EENH Handbook states that EENH is “funded by SoCalGas customers.”
   i. What percentage of program funds come from SoCalGas ratepayers?

   ii. If less than 100% of program funds come from SoCalGas ratepayers, what is the funding source for the remainder of program funds?

   iii. Please provide SoCalGas’s total annual expenditures on this program in each year from 2017 to the present.

c. Is the EENH program set to end at any future date? If so, please provide the date SoCalGas will stop offering the EENH program, and documentation that confirms this date.

RESPONSE 1:

SoCalGas objects that this request is out of scope for R.19-01-011. Pursuant to discussions between SoCalGas and Sierra Club, Sierra Club agreed to and did re-serve these data requests in R.13-11-005. SoCalGas provides the below responses:

a. Page 4 of SoCalGas’s EENH Handbook, available at https://www.socalgas.com/sites/default/files/2020-06/SoCalGas%20EENH%20Program%20Guidebook%202020_remediated.pdf, states that EENH is administered “under the auspices of the California Public Utilities Commission.”
   i. Please identify the origin of each incentive making up the EENH program, its authorization and its supporting workpapers.

SoCalGas provides the following table for all EENH measures, incentive rates, and corresponding workpapers. Workpapers may also be found on the DEER website: http://www.deeresources.net/workpapers

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ii. Please identify any Commission decision or other authorization for combining appliance incentives under the umbrella of the EENH program.

EENH was added in August 2018 to SCG3702 Plug Load Appliances Program along with SCG3704 Multifamily Energy Efficiency Rebate Program via Program Implementation Plan addendums viewable on CEDARS:

SCG3702: https://cedars.sound-data.com/documents/download/1169/change_summary/

SCG3704: https://cedars.sound-data.com/documents/download/1168/change_summary/

The SCG3702 Residential Energy Efficiency Program (REEP) program, which includes the EENH subprogram, was approved for the full calendar year via SoCalGas' 2019 Annual Budget Advice Letter (5349 and 5349-A).

b. Page 4 of the EENH Handbook states that EENH is "funded by SoCalGas customers."
   iii. What percentage of program funds come from SoCalGas ratepayers?

   This program is funded 100% through energy efficiency funds.

   iv. If less than 100% of program funds come from SoCalGas ratepayers, what is the funding source for the remainder of program funds?

   There are no additional funding sources for the program.

   v. Please provide SoCalGas's total annual expenditures on this program in each year from 2017 to the present.

The EENH program is a sub activity of the broader SCG3702 REEP program. As a result, all administrative, marketing, and direct implementation-non-incentive costs are captured at the REEP program level, not at the sub activity level. SoCalGas does not track those costs for EENH separately. Total expenditures for the SCG3702 are available on CEDARS. The table below shows the EENH incentives paid to customers through the end of June 2020:

Year	Total EENH Incentives Paid ($)
2017	$0
2018	$0
2019	$339,215
2020 (YTD 6/30)	$79,275

c. Is the EENH program set to end at any future date? If so, please provide the date SoCalGas will stop offering the EENH program, and documentation that confirms this date.

SoCalGas does not have any current plans to terminate this program at a future date. As with all energy efficiency programs, SoCalGas evaluates its programs continuously for any necessary modifications or long-term viability.

QUESTION 2:

SoCalGas also offers new construction incentives to builders through the California Advanced Homes Program ("CAHP") (see SoCalGas's CAHP website, at https://www.socalgas.com/for-your-business/builder-services/california-advanced-homes).

a. Does SoCalGas market or advertise CAHP through partnerships with the California Building Industry Association or its local affiliates?

b. Please provide the annual marketing budget and internal labor costs for CAHP from 2018 to the present.

c. Please provide the annual number of approved applications for CAHP incentives from SoCalGas from 2018 to the present.

RESPONSE 2:

SoCalGas objects that this request is out of scope for R.19-01-011. Pursuant to discussions between SoCalGas and Sierra Club, Sierra Club agreed to and did re-serve these data requests in R.13-11-005. SoCalGas provides the below responses:

SoCalGas also offers new construction incentives to builders through the California Advanced Homes Program ("CAHP") (see SoCalGas's CAHP website, at https://www.socalgas.com/for-your-business/builder-services/california-advanced-homes).

a. Does SoCalGas market or advertise CAHP through partnerships with the California Building Industry Association or its local affiliates?

SoCalGas markets and advertises CAHP through partnerships with both the California Building Industry Association and local affiliates.

b. Please provide the annual marketing budget and internal labor costs for CAHP from 2018 to the present.

See below for the marketing and internal labor costs associated with the CAHP program.

Year	Annual Marketing Budget	Internal Labor Cost
2018	$91,701	$726,487
2019	$105,728	$1,009,682
2020 (YTD 6/30)	$0	$211,888

c. Please provide the annual number of approved applications for CAHP incentives from SoCalGas from 2018 to the present.

Year	Annual Number of Approved CAHP Applications (Remaining or Paid)
2018	35
2019	23
2020 (YTD 6/30)	32

Attachment 2

Data Request Sierra Club-SoCalGas-05 (Aug. 26, 2020)

ORDER INSTITUTING RULEMAKING CONCERNING ENERGY EFFICIENCY ROLLING PORTFOLIOS, POLICIES, PROGRAMS, EVALUATION, AND RELATED ISSUES

(R.13-11-005)
SOUTHERN CALIFORNIA GAS COMPANY

(DATA REQUEST SIERRA CLUB-SOCALGAS-05)
DATE RECEIVED: AUGUST 12, 2020
DATE SUBMITTED: AUGUST 26, 2020

QUESTION 1:

SOCALGAS' response to Question 1(a)(ii) of Data Request Sierra Club-SoCalGas-03 states that "EENH was added in August 2018 to SCG3702 Plug Load Appliances Program along with SCG3704 Multifamily Energy Efficiency Rebate Program ("MFEER") via Program Implementation Plan addendums.

a. Were the Program Implementation Plans addendums filed and served in a Commission proceeding? If yes, please indicate the proceeding, date of filing and service and provide a copy of or link to the filing.
b. Did the addendums require Commission approval? If yes, please indicate the Commission decision in which the addendums were approved.

RESPONSE 1:

a. For clarification, the EENH program was not added to the SCG3702 Plug Load Appliances Program in 2018, but rather measure-level eligibility was introduced to programs SCG3702 and SCG3704 for new construction single family and multifamily homes in August of 2018. This measure-level new construction element was the progenitor to what would become the EENH subprogram in 2019 as part of the Residential Energy Efficiency Program (REEP).

   The Program Implementation Plan addendum process has been defined by the Energy Division (per D.04-12-048 OP 13) to allow for certain program modifications to be executed without the need for formal Commission review. A program change by way of a Program Implementation Plan addendum does not require filing in a Commission proceeding. The modifications to programs SCG3702 and SCG3704 were executed via the addendum process and the documentation was uploaded to the California Energy Data and Reporting System (CEDARS) as required by the Commission in D.15-10-028 (section 3.2.2.4, p. 63) on August 16, 2018.

b. No, please see response to question 1a.

QUESTION 2:

The Program Implementation Plan addendums referenced in SOCALGAS' response to Question 1(a)(ii) of Data Request Sierra Club-SoCalGas-03 state that program SCG3702 (Plug Load and Appliances) and SCG3703 (MFEER) were triggered by "changes to eligibility rules" to allow new construction to qualify for incentives.

a. Please explain the basis for not seeking approval of this change through an advice letter at the time of the addendum.

RESPONSE 2:

a. As one of the triggers requiring the submission of an Implementation Plan Change Summary (a.k.a. PIP addendum), SoCalGas uploaded the required documentation to CEDARS to record the modification to program eligibility. An advice letter was not suitable or required for this change. Note that the proper program ID for the MFEER program is SCG3704.

<u>QUESTION 3:</u>

SOCALGAS' response to Question 1(a)(ii) of Data Request Sierra Club-SoCalGas-03 states that "[t]he SCG3702 Residential Energy Efficiency Program (REEP) program, which includes the EENH subprogram, was approved for the full calendar year via SoCalGas' 2019 Annual Budget Advice Letter (5349 and 5349-A)."

a. Where the changes to SCG3703 (MFEER) first made though the Program Implementation Plan addendums referenced in response to Question 1(a)(ii) also approved through an advice letter? If yes, please identify the advice letter approving these changes. If no, please explain why SOCALGAS did not seek advice letter approval.
b. Page 10 of Advice Letter 5439-A states the following with regard to SCG3702 (see https://www2.socalgas.com/regulatory/tariffs/tm2/pdf/5349-A.pdf) :

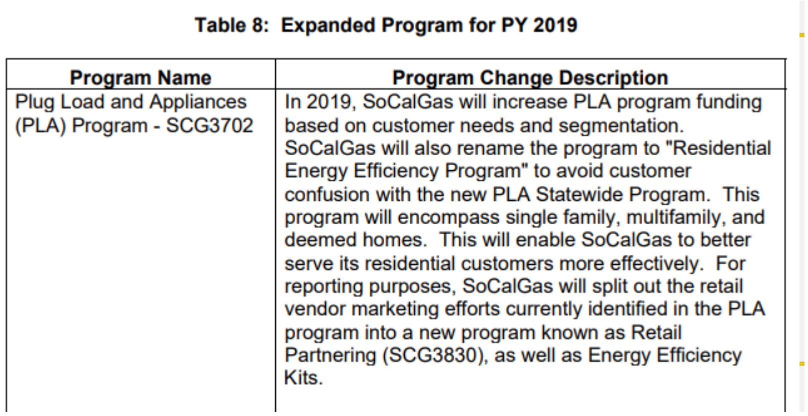


Table 8: Expanded Program for PY 2019

Program Name	Program Change Description
Plug Load and Appliances (PLA) Program - SCG3702	In 2019, SoCalGas will increase PLA program funding based on customer needs and segmentation. SoCalGas will also rename the program to "Residential Energy Efficiency Program" to avoid customer confusion with the new PLA Statewide Program. This program will encompass single family, multifamily, and deemed homes. This will enable SoCalGas to better serve its residential customers more effectively. For reporting purposes, SoCalGas will split out the retail vendor marketing efforts currently identified in the PLA program into a new program known as Retail Partnering (SCG3830), as well as Energy Efficiency Kits.

(Advice Letter 5439 does not appear on SOCALGAS' website (see https://www2.socalgas.com/regulatory/tariffs/advice-approved.shtml))

No other details appear to be provided in AL 5439-A. As part of its Advice Letter approval, did SOCALGAS specifically indicate SCG3702 was being modified to expand eligibility criteria to include new homes? If yes, please identify where this information was disclosed.

RESPONSE 3:

SoCalGas notes that Advice Letter 5349-A replaced Advice Letter 5349 in its entirety, and therefore is the proper Advice Letter to review. The Advice Letter may be viewed via the following link: https://www2.socalgas.com/regulatory/tariffs/tm2/pdf/5349-A.pdf

a. SoCalGas first expanded the eligibility of the MFEER (SCG3704) program to multifamily new construction homes by way of a PIP addendum as shown via the following link: (https://cedars.sound-data.com/documents/download/1169/change_summary/). This multifamily new construction home measure-level component was then shifted to SCG3702 REEP via SoCalGas' 2019 ABAL.
b. In Table 8, SoCalGas specified that SCG3702 would include deemed homes, which cover the residential new construction home segment along with single family and multifamily residences. This change to SCG3702 was communicated utilizing the program change table provided to Program Administrators by the Energy Division that helps standardize assessment of EE portfolio changes and program closures in ABAL filings.

QUESTION 4:

SOCALGAS' response to Question 2(b) of Data Request Sierra Club-SoCalGas-03 provides CAHP marketing and internal labor costs.

a. Please provide all CAHP marketing materials since 2018.
b. Please identify the titles and percentage of time of SOCALGAS employees whose labor costs are include in the CAHP internal labor costs identified for 2018 through 2020 in response to Question 2(b).

RESPONSE 4:

a. See folder "*CAHP 18-19 Collaterals*" for requested documentation
b. SoCalGas objects to this question as overbroad and unduly burdensome. SoCalGas's salaried employees do not track their time each day with the intent of reporting out an hourly log of activities. SoCalGas therefore does not have a calculation of percentage of time associated with these labor costs. The employee job titles are below.

2018	2019	2020
Acct Exec - New Constrn	Acct Exec - New Constrn	Acct Exec - New Constrn
C/I MM Segment Mgr	Admin Assoc - 5 LA	Admin Assoc - 5 LA
Clean Engy Strgy & Svc Mgr	Busn Sys Analyst - I	Busn Sys Analyst - I
Cust Comms Ld	Clean Engy Strgy & Svc Mgr	Clean Engy Strgy & Svc Mgr
Cust Prgm Supp Svcs Spec I	Cust Comms Ld	Cust Comms Ld
Cust Prgms Advr I	Cust Prgm Supp Svcs Spec I	Cust Prgms Advr II
Cust Prgms Advr II	Cust Prgms Advr I	Cust Prgms Supp Svcs Spec II
Cust Prgms Supp Svc Tm Ld	Cust Prgms Advr II	Engy Prgms Supv
Cust Prgms Supp Svcs Spec II	Cust Prgms Supp Svc Tm Ld	Mkt Advr - C/I Sales

Cust Prgms Supp Svcs Supv	Cust Prgms Supp Svcs Spec II	Prin Account Executive - RNC
Digital Content Strategist	Cust Prgms Supp Svcs Supv	Proj Mgr - II
Engy Prgms Supv	Digital Content Strategist	Proj Mgr - II - EC
Mkt Analyst	Engy Prgms & Stgy Mgr	Res New Constrn Mgr
Proj Mgr - I	Engy Prgms Supv	Social Media Cmnty Adv
Proj Mgr - II	Mkt Analyst	Sr Acct Exec - New Constrn
Proj Mgr - II - EC	Proj Mgr - II	Sr Comms Advr
Proj Spec	Proj Mgr - II - EC	Sr Cust Prgms Advr
Res New Constrn Mgr	Proj Spec	Sr Identity &Creative Svc Advr
Sr Acct Exec - New Constrn	Res New Constrn Mgr	Web Techl Advr
Sr Comms Advr	Social Media Cmnty Adv	
Sr Cust Prgms Advr	Sr Acct Exec - New Constrn	
Sr Identity &Creative Svc Advr	Sr Comms Advr	
Web Techl Advr	Sr Cust Prgms Advr	
	Sr Identity &Creative Svc Advr	
	Web Techl Advr	

ORDER INSTITUTING RULEMAKING CONCERNING ENERGY EFFICIENCY ROLLING PORTFOLIOS, POLICIES, PROGRAMS, EVALUATION, AND RELATED ISSUES

(R.13-11-005)
SOUTHERN CALIFORNIA GAS COMPANY

(DATA REQUEST SIERRA CLUB-SOCALGAS-05)
DATE RECEIVED: AUGUST 12, 2020
DATE SUBMITTED: AUGUST 26, 2020

QUESTION 5:

SOCALGAS' response to Question 3 of Data Request Sierra Club-SoCalGas-03 provides the "Annual Number of Approved CAHP Applications (Remaining or Paid)" for 2018 through 2020.

a. Please identify the total number of CAHP Applications *received* in 2018, 2019 and 2020 to date.

RESPONSE 5:

The total number of CAHP applications received in 2018, 2019, and 2020 are provided below:

Time Period	Total Number of CAHP Applications Received
2018	38
2019	52
2020 (YT 6/30)*	

**No data to report for 2020 as the program deadline for new applications ended on December 31, 2019.*

QUESTION 6:

SOCALGAS' CAHP webpage states "The application deadline for projects to be enrolled in the California Advanced Homes Program has passed. The SoCalGas Energy Efficiency New Homes Rebate Program is actively enrolling new projects in 2020."

a. Please state the application deadline referred to in this statement.
b. Please explain why SOCALGAS is no longer accepting applications for CAHP.
c. Does SOCALGAS intend to resume accepting CAHP applications? If yes, when does SOCALGAS intend to resume acceptance of CAHP applications? Please provide any public statements supporting this answer.

RESPONSE 6:

a. The deadline for providing an application was 12/31/2019. That information can be found on page 3, section 4.1.8, of the 2018/2019 SW CAHP Guide, posted on that same webpage.

b. When the IOU rolling portfolio business plans were approved by the CPUC in D.18-05-041 in May 2018, the residential CAHP program was directed to become a Statewide (SW) EE program under the leadership of PG&E. As part of that transition, the SW CAHP team agreed that the existing CAHP would continue under individual IOU management through the end of the 2016 Title 24 Building Standards (Code) cycle (12/31/2019), and the updated CAHP, based on the 2019 Code would be offered through the new SW model under PG&E's leadership.

c. The CAHP program in SoCalGas' territory will resume when PG&E launches the new SW EE program, which is expected in 2021.

QUESTION 7:

Does the EENH Guidebook (including the Application and worksheets) describe the entirety of information an applicant must provide to receive EENH rebates? If not please state what additional information is required to receive rebates under EENH.

RESPONSE 7:

Yes, the EENH Guidebook (including the Application and worksheets) describes the entirety of information an applicant must provide to receive rebates.

QUESTION 8:

Before providing requested EENH rebates, does SOCALGAS confirm installation of appliances for which rebates are claimed at the project site through a field verification?

RESPONSE 8:

Similar to other EE rebate programs, SoCalGas performs inspections at a predetermined rate prior to issuance of rebate payment. The inspections are performed via a field verification that includes the verification of equipment brand, model number, and serial number when available.

QUESTION 9:

Under the EENH program, are appliances that received a compliance credit to meet Title 24 requirements also eligible EENH appliance rebates.

RESPONSE 9:

The program only provides rebates to customers who purchase and install appliances and equipment that exceed Title 24 standards.

Attachment 3

Balanced Energy Work Order Authorization (Mar. 28, 2019) and SoCalGas Response to Data Request CALADVOCATES-SK-SCG-2020-01 (Feb. 7, 2020)

Confidential and Protected Material pursuant to PUC Section 583, GO 66-D, D.17-09-023

300794601

2[illegible]22.000

WORK ORDER AUTHORIZATION FOR SEMPRA ENERGY UTILITIES

Field names with ALL CAPITAL letters are required.

COMPANY CODE 2200

Thomas Bros.

Work Order No:

CAPITAL ☐ **O&M** ☑

WR/DPSS Number:

BUDGET CODE:

TITLE BALANCED ENERGY

DATE PREPARED: 3/21/2019 **EST. START DATE:** 1/1/2019 **EST. COMPLETION DATE:** 12/31/2024

BILLING CODE: NC 0%

Phase 1	Phase 2	Prelim Eng Survey (Ferc 183)	Shared Asset
☐	☐	☐	☐

RESPONSIBLE COST CENTER: 2200-2204 **Regulatory Prg/UDF:**

ORGANIZATION: Customer Service **OPERATING AREA/DISTRICT:** GCT **OPERATING REGION:** Headquarters (39)

COUNTY: Los Angeles **MUNICIPALITY:** **Billable to: Affiliate** ☐ **Third Party** ☐ **Sending Order** ☐ **Receiving Order** ☐

TECHNICAL/ECONOMIC PROJECT REVIEWS*

☐ Legal By: Date:
☐ Tax By: Date:
☐ Accounting By: Date:
☐ Planning By: Date:

*Required for all base business, non-base business & administrative approval for WOA's or AFE's over $30, $15, & $50 million respectively, prior to review and approval as appropriate. If a contract initially totals $20 million or more, the reviews must be evidenced by completion of an Internal Reviewer Checklist (IRC). For more details, please refer to the CAU Approval & Commitment Policy in the intranet.

Comments regarding Technical/Economic Project Review:

Reference Approval and Commitment Policy:

☐ **CATEGORY 1** Base Business ☐ **CATEGORY 2** Non-base Bus.

JOB SCOPE SUMMARY

This is an IO for tracking purposes, set up to track costs associated with BALANCED ENERGY expenditures within the ENERGY POLICY & STRATEGY team.

All costs should be nonrefundable O&M.

Bill to Name & Address:

CODE	DETAILED DESCRIPTION OF WORK
O	This is an IO for tracking purposes, set up to track costs associated with BALANCED ENERGY expenditures within the ENERGY POLICY & STRATEGY team. All costs should be nonrefundable O&M.

FERC ACCOUNT	%	Acctg Dept Use (Enter IIOs)
F920000G		

Charging Cost Centers to this order

Receiver	Co.	Amount	Or %

RECEIVED
MAR 28 2019
By____________

APPROVALS

(j)(2)

oc: GT15C1
ate 3/21/2019

Alan Caldwell Alan Cald Mail Loc: GT10A1
Dir - Energy Pol & Strategy Date 3/21/2019

Mail Loc: GT21
Line Manager Date

Sharon Tomkins
VP SCG Strategy + Eng
Line Director Mail Loc: Date

$30M
Functional Committee Chair Mail Loc: Date

Functional V. P. Mail Loc: Date

Utility President Mail Loc: Date

Utility C. E. O. Mail Loc: Date

ESTIMATED COSTS		Capital Installation	Capital Removal	O&M	Total
Company Labor		$ -	$ -	$ 3,504,030	$ 3,504,030
Contract Costs		-	-	21,113,372	21,113,372
Material		-	-	-	-
Other Direct Charges		-	-	-	-
Total Direct Cost		-	-	24,617,401	24,617,401
Affiliate Transfer In Costs		-	-	-	-
Labor Indirects		-	-	2,923,412	2,923,412
Material Indirects		-	-	-	-
Other Indirects		-	-	377,973	377,973
Ad Valorem Tax (per GRC decision)		-	▨	▨	-
AFUDC		-	▨	▨	-
Total Indirect Cost		-	-	3,301,385	3,301,385
Gross Expenditures		-	-	27,918,786	27,918,786
ITCCA (Y or N)	22.00%	y	▨	▨	-
Less: Billing/Part Contr.					
Total Net Estimated Costs					27,918,786

	2019	2020	2021	2022	2023
Gross Expenditures by year:	$ 4,746,194	$ 5,304,569	$ 5,862,945	$ 5,862,945	$ 6,142,133
% by Year	17%	19%	21%	21%	22%

Accounting Use Only

Actg Ops		Date	
Ord Type	Int Pfit	Stat Map	%
OH Key	Cst Sheet	Stat Map	%
User Status	FERC Ind.	Stat Map	%
Total Commitment Accumulated		Stat Map	%
		Stat Map	%

IO_Form_503.xls 12/01/2016 INSTRUCTIONS ARE LOCATED ON THE "MANUALS & FORMS" PAGE OF THE ACCOUNTING & FINANCE INTRANET WEBSITE

QUESTION 4:

Please provide any and all documentary evidence that charges to IO 30076601 are shareholder funded.

RESPONSE 4:

SoCalGas objects to this request as seeking information that is outside the statutory authority delegated to the Public Advocates Office by Pub. Util. Code §§ 309.5 and 314. The consultant's work is shareholder funded. The information requested would reveal relationships and strategic business choices made by SoCalGas and others with whom it associates and chill the exercise of SoCalGas' and other's constitutional rights. *See e.g., NAACP v. Alabama* (1958) 357 U.S. 449, 462; *Perry v. Schwarzenegger* (9th Cir. 2010) 591 F.3d 1147, 1160. The appropriateness of the disclosure of this information is the subject of an appeal being reviewed by the full Commission. SoCalGas objects to this request as overbroad in seeking "any and all documentary evidence." Subject to the above, and without waiving its objection, SoCalGas responds as follows:

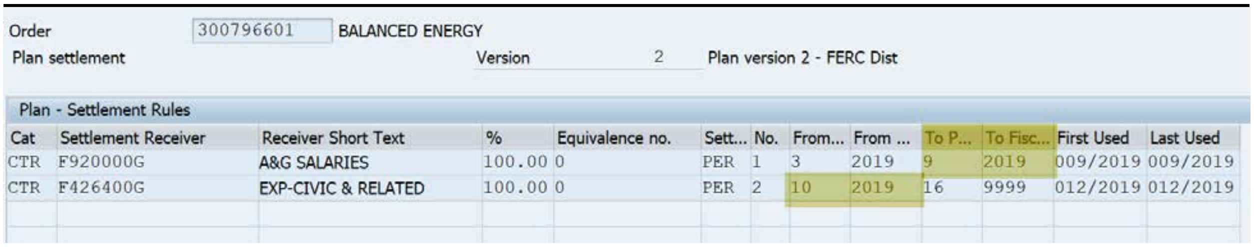
See response to question 5. The Balanced Energy internal order (IO) 300796601 was created in March 2019 for tracking all costs associated with Balanced Energy activities and the intent was to make it a shareholder funded IO. However, an incorrect settlement rule was set up for this IO to FERC 920.0 A&G Salaries, consequently, the costs initially settled to the incorrect FERC account. On September 21, 2019, the SoCalGas Accounting Controller and Accounting Director met with the Strategy, Engagement & Chief Environmental Officer, and confirmed that the Balanced Energy activities should be classified as FERC 426.4 - Expenditures-Civic & Related Activities/Lobbying Costs.

The settlement rule was corrected on October 30, 2019 with an effective date of November 1, 2019. Accounting booked retroactive adjustments in November and December 2019 to correct the FERC account balances.

Order 300796601 BALANCED ENERGY
Plan settlement Version 2 Plan version 2 - FERC Dist

Plan - Settlement Rules

Cat	Settlement Receiver	Receiver Short Text	%	Equivalence no.	Sett...	No.	From...	From ...	To P...	To Fisc...	First Used	Last Used
CTR	F920000G	A&G SALARIES	100.00	0	PER	1	3	2019	9	2019	009/2019	009/2019
CTR	F426400G	EXP-CIVIC & RELATED	100.00	0	PER	2	10	2019	16	9999	012/2019	012/2019



Order 300796601 BALANCED ENERGY

Plan settlement Version 2 Plan version 2 - FERC Dist

Plan - Settlement Rules

Cat	Settlement Receiver	Receiver Short Text	%	Equivalence no.	Sett...	No.	From...	From ...	To P...	To Fisc...	First Used	Last Used
CTR	F920000G	A&G SALARIES	100.00	0	PER	1	3	2019	9	2019	009/2019	009/2019
CTR	F426400G	EXP-CIVIC & RELATED	100.00	0	PER	2	10	2019	16	9999	012/2019	012/2019