FILED
01/11/23
04:24 PM
R1807006

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish a Framework and Processes for Assessing the Affordability of Utility Service.	Rulemaking 18-07-006

EMERGENCY MOTION OF THE PUBLIC ADVOCATES OFFICE FOR WINTER BILL RELIEF

I. INTRODUCTION

Pursuant to Rule 11.1 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) files this emergency motion for customer relief. The Public Advocates Office has a statutory mandate to "advocate on behalf of the interests of public utility customers and subscribers" with the goal "to obtain the lowest possible rate for service consistent with reliable and safe service levels."[1] Urgent action is necessary to provide relief to customers who may be facing economic hardship due to the impact of high gas prices. To provide interim relief to natural gas customers due to recent significant increases in gas market prices, the Commission should require Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Gas (SoCalGas), and Southwest Gas to distribute the natural gas Climate Credits in February 2023, applying them to January 2023 bills, instead of April 2023. The Commission also should adopt automatic enrollment in payment plans for all customers to provide near-term relief, similar to the Commission's adoption of long-term payment plans for COVID-19 arrearage relief. West Coast Gas Company, Inc. does not distribute climate credits to its customers but

[1] Pub. Util. Code § 309.5, subd. (a).

should provide automatic enrollment in payment plans to provide bill relief to its customers. At a minimum, the Commission should require the utilities to communicate options to customers for managing their increased bills. Additionally, the Commission should examine the root causes of the high increase in natural gas market prices to determine if further action is necessary.

Immediate action is necessary to mitigate negative impacts to customers. Given the urgency of the need to act quickly, Cal Advocates is concurrently filing its *Motion of the Public Advocates Office to Shorten the Time to Respond to Emergency Motion for Winter Bill Relief*, which requests that the responses to the motion be due in five days.[2]

II. BACKGROUND

SoCalGas and SDG&E have alerted their customers that their January 2023 natural gas utility bills may increase dramatically above January 2022 levels.[3] They cite increases in commodity prices of more that 100 percent above 2022 levels as one of the primary drivers of the expected higher bills. Customers of the other natural gas utilities are also expected to see higher natural gas bills.

III. DISCUSSION

A. Accelerated Application of Climate Credit

Cal Advocates requests that the Commission require PG&E, SDG&E, SoCalGas, and Southwest Gas to distribute the natural gas Climate Credits in February 2023, applying them to January 2023 bills, instead of April 2023. Application of the Climate

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[2] Cal Advocates also filed this emergency motion and motion for shortened time in Rulemaking (R.)11-03-012, *Order Instituting Rulemaking to Address Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions* and R 18-07-005*, Order Instituting Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs.*

[3] Appended to this motion as Attachment A is an SDG&E customer email alert. SDG&E's webpage announcing "New Electricity and Gas Pricing Effective January 1, 2023" notes that "The cost per unit of natural gas (known as a therm) has more than doubled increasing from $2.36 per therm in January 2022 to $5.11 per therm in January 2023. https://www.sdge.com/rates/why-did-my-energy-bill-recently-go

See also SoCalGas news alert "A Note to Our Customers: High Bills May Come as a Shock in January, But We Have Some Tips and Tools to Help You Save". https://newsroom.socalgas.com/stories/a-note-to-our-customers-high-bills-may-come-as-a-shock-in-january-but-we-have-some-tips-and?_ga=2.225888794.1004069487.1673303770-272277110.1642021316.

Credit will help to mitigate severe impacts to customers resulting from the near doubling of gas utility bills, such as increases in arrearages and disconnections.

Assembly Bill 32, The Global Warming Solutions Act of 2006,[4] caps California's greenhouse gas (GHG) emissions at 1990 levels and establishes a target to reach 1990 emission levels by 2020. Cap-and-Trade obligations are met through tradeable allowances, with each allowance equal to one metric ton of carbon dioxide equivalent gas. Entities whose GHG emissions are regulated under the Cap-and-Trade program are called covered entities. The electric investor-owned utilities (IOUs) became covered entities subject to a compliance obligation in 2013,[5] and the natural gas IOUs became covered entities subject to a compliance obligation in 2015.[6] Covered entities must surrender allowances equal to the entity's annual GHG emissions.[7] The California Air Resources Board (CARB) issues a specific number of allowances directly to the IOUs for the purpose of protecting customers. The IOUs receive these allowance allocations on behalf of their customers. The electric IOUs must consign all allowances to auction, and the natural gas IOUs must consign some of the allowances to auction. Both electric and natural gas IOUs must distribute the proceeds directly to retail customers.[8]

The Commission has recognized that residential customers "will ultimately bear the increased costs of goods and services in the economy, inclusive of increased electricity costs as a result of the Cap-and-Trade program."[9] To mitigate the financial hardship of the Cap-and-Trade program on residential customers, the Commission

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[4] Statutes of 2006, Chapter 488.

[5] See *Adopting Cap-and-Trade Greenhouse Gas Allowance Revenue Allocation Methodology for the Investor-Owned Electric Utilities*, Decision (D.) 12-12-033 (Dec. 20, 2012) at 13.

[6] See *Adopting Procedures Necessary for Natural Gas Corporations to Comply with the California Cap on Greenhouse Gas Emissions and Market-based Compliance Mechanisms (Cap-and-Trade Program)*, D.15-10-032 at 3 (Oct. 22, 2015).

[7] D.12-12-033 at 14.

[8] D.12-12-033 at 15; D.15-10-032 at 27; Assembly Bill 32 (2006); Pub. Util. Code § 748.5.

[9] D.12-12-033 at 180.

allocated a portion of GHG allowances to them on an equal per residential account basis delivered as a semi-annual, on-bill credit (the electric Climate Credit).[10]

The Commission directed the electric IOUs to include their estimated GHG costs and revenues in their annual Energy Resource Recovery Account (ERRA) forecast proceedings and distribute Climate Credits in April and October of each year.[11] The purpose of distributing the Climate Credits during these months is to incentivize customers to conserve or effectively manage energy usage during peak summer months.[12] The Commission stated that "distribution in summer months…would alter such price signals to the extent that customers do not understand the nature of the Climate Dividend."[13]

The Commission requires natural gas IOUs to allocate a portion of the revenues from the sale of allowances to residential customers, similar to the electric Climate Credit.[14] The natural gas IOUs must provide their natural gas Climate Credits once a year in April and annually forecasts and reconciles costs and revenues through the Commission's advice letter process.[15] Given the urgency of this issue, the Commission should modify this process to grant the interim relief requested by Cal Advocates.

1. The Upcoming Spike in Natural Gas Bills Will Cause Significant Hardship

Customers already struggling to pay their utility bills so that they can keep their heaters and stoves running during the winter will face increased hardship if their bills potentially double in the month of February. As the Commission's latest Affordability

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[10] D.12-12-033 at 181.

[11] See .*Adopting Cap-and-Trade Greenhouse Gas Allowance Implementation Plans*, D.13-12-003(Dec. 5, 2013).

[12] D.13-12-003 at 13.

[13] D.13-12-003 at 22.

[14] D.15-10-032 at 27.

[15] "See, for example, the process authorized for SDG&E in *Decision Modifying Decision 15-10-032,* D.18-03-017 (Mar. 22, 2018) at 54-55, Ordering Paragraphs 7 and 8; D.15-10-032 at 63, Ordering Paragraph 5.

Report noted, among the areas of highest concern for natural gas affordability, most are located in Southern California.[16] Given the ongoing increases in both electric and gas utility bills, customers cannot afford to see such steep spikes in their bills.

2. Current Climate Credit Amounts

The table below shows the natural gas climate credit amounts that the utilities expect to apply in April 2023. Earlier provision of these credits will help alleviate make customer bills more affordable to address the spike in expected gas bills.

Table 1: Utility Natural Gas Forecast Climate Credits

Gas Utility	**Advice Letters**	**Forecast Climate Credit**
PG&E	4693-G, p.55	$52.78
SoCalGas	6045, p. 30	$50.77
SDG&E	3129-G, p.21	$41.90
SWG	1236, p.30	$56.35

3. Modifying the Climate Credit Distribution Schedule Is Consistent With Commission Directives

The Commission established Climate Credits to alleviate the financial hardship of the Cap-and-Trade program on residential customers, which is unrelated to the current spikes in natural gas commodity prices. However, the Commission permitted SDG&E to modify the distribution schedule to "explore whether distributing the electric Climate Credit at times of high bill volatility results in increased awareness and understanding of the Climate Credit and other conservation measures on a temporary and experimental basis."[17]

In addition, the Commission modified the schedules for disbursement of the 2020 California Climate Credit to residential electric customers of SCE and PG&E to provide relief during the early months of the COVID-19 pandemic. The Commission recognized

[16] 2020 Annual Affordability Report, issued October 2022 in R.18-07-006 at 21-25.

[17] D.19-12-002 at 19.

that residential customers may have faced unexpected and unmanageable increases in bills due to the sudden increase in remote work, and found that the relief was appropriate.[18]

B. Adopt Automatic Enrollment in Payment Plans

The Commission previously adopted automatic enrollment in "COVID-19 relief payment plans" to address high customer debt and the potential for disconnections as a result of COVID-19.[19] These plans were available until September 2022 and allowed customers to pay off their accumulated arrearages over a longer period of time (eight to twenty-four months depending on the utility).[20] The Commission should similarly adopt automatic enrollment in payments plans for PG&E, SDG&E, SoCalGas, Southwest Gas, and West Coast Gas to address the issue of high winter bills as a result of increased natural gas prices. The Commission could adopt a period of three to six months to spread the costs to provide customers with more affordable natural gas bills and avoid the risk of disconnections. Given the potential for delay in moving disbursement of the natural gas Climate Credit to an earlier date, automatic enrollment in payment plans will reduce the immediate stress of high bills and allow the climate credit to continue to offset costs at a later date.

If the Commission decides not to adopt this proposal, at a minimum, it should immediately require the utilities to actively communicate to their customers, through bill inserts and emails, that there are options available to establish payment plans and seek extensions for payment of their bills. These options require customers to actively reach out to the utility. The Commission also should investigate the cause(s) of the natural gas market price spikes.

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[18] *Decision Modifying Schedule Of Climate Credit Disbursements For Residential Electric Customers* D.20-04-027 (Apr. 27, 2020), Findings of Fact 4,5 and 8 at 11-12.]

[19] D.21-06-036 at 50-51.

[20] D.21-06-036 at 50-51.

IV. CONCLUSION

Based on the foregoing, Cal Advocates respectfully requests that the Commission grant this emergency motion.

Respectfully submitted,

/s/ DIANA L. LEE

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January 11, 2023

ATTACHMENT A

From: SDG&E <promotions@app.sdge.com>
Sent: Thursday, January 5, 2023 8:55 AM
To: Customers
Subject: New 2023 Energy Pricing Now Effective

Para ver en español, haga clic aquí

SDGE™

Many customers are facing higher bills, and we recognize our responsibility to be transparent with you as prices change. As a follow-up to our communications these past two months about higher natural gas and electricity pricing, we want you to know that new pricing became effective on January 1, 2023.

Natural gas pricing

Since our last communication, natural gas prices have increased dramatically, primarily driven by frigid temperatures across most of the country and on-going supply challenges.

Effective January 1, 2023, a typical residential customer can expect an increase of ~$120 on their monthly natural gas bill relative to last January.

Residential natural gas usage is typically the highest in January when the weather in our region has historically been the coldest. Actual electric and gas customer bills will vary based on a number of factors, including usage and pricing plan, weather and natural gas market conditions. Natural gas rates are updated monthly on customers' bills, whereas major changes to electric rates typically occur once or twice a year. If prices for natural gas go down, customers see that adjusted monthly on their bill. SDG&E does not mark up the market cost for gas and does not make a profit from rising gas.

Electric pricing

A typical residential customer can expect an increase of approximately ~$24 on their monthly electric bill. This change is primarily driven by the increased cost of purchasing electricity along with investments in safety and reliability and increasing state-mandated costs. Actual customer bills will vary based on a number of factors, including usage and pricing plan, weather and market conditions.

Resources to help you manage higher bills

We're here to help if you need it. We have programs and resources available to help you manage your energy use and provide direct assistance, including payment arrangements, Level Pay program and monthly discounts. You can also avoid surprises on your bill by signing up for My Account to receive Energy Alerts. Please visit sdge.com/MyEnergy for energy saving tips, financial assistance, and rebate information.

Investing in the future

You count on us every day for the energy you need, and our job is to continue to deliver clean, reliable energy that is resilient to increasingly extreme climate conditions and temperatures. We have an obligation to prepare for the future, so we are taking the steps to strengthen our energy infrastructure by:

- Hardening our electric grid against climate threats such as wildfires
- Modernizing the grid to accommodate more renewables, energy storage, microgrids, electric vehicles, and all-electric buildings in order to meet California's ambitious goals to reduce greenhouse gas emissions

Responsible investments today will help to create a future that is cleaner, safer and reduce outages. However, these climate resiliency investments, along with the surge in natural gas costs, impact rates.

All SDG&E pricing plans (rates) are subject to the supervision and regulation of the California Public Utilities Commission (CPUC) and are subject to change by the CPUC. Actual savings may vary and will depend on various factors, including geographic location, weather conditions, equipment installed, usage rates and similar factors. Some of the data, analysis and recommendations presented within messages are based on estimates and projections and are for informational purposes only. Please refer to your monthly bill for actual usage information.

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