

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

01/10/24

02:26 PM

A2301004

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

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

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

Dated: January 10, 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

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

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)

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

I. INTRODUCTION

The California Efficiency + Demand Management Council¹ (“The Council”) respectfully submits these Opening Comments on the Proposed Decision Denying Application (“Proposed Decision” or “PD”), mailed in Application (“A.”) 23-01-004 (Southern California Gas Company Application) on December 21, 2023. These Opening 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. 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.² 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, DR, and DER policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructure, and environmental improvement.

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

² 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. SUMMARY

The Council strongly recommends that the PD be revised to approve the Southern California Gas Company (“SoCalGas”) SoCalGas Demand Response (“DR”) pilots. They are consistent with the State’s decarbonization goals, they will improve reliability during reliability conditions, and they are needed to provide real-world data on load impacts, enrollment rates, and optimal program design of gas DR programs. The PD applies an unreasonably high requirement of avoiding gas consumption approximately equal to a 100 MW combustion turbine which is, to the Council’s knowledge, a far higher standard than any past electric DR pilot. The Commission should approve these pilots.

IV. THE SOCALGAS DR PILOTS WILL CONTRIBUTE TO THE STATE’S DECARBONIZATION GOALS

The PD describes several instances in which SoCalGas failed to heed the Commission’s guidance on its future DR pilot proposal. Without addressing any of these assertions, the Council urges the Commission to approve these proposed pilots on the basis of their potential to reduce natural gas usage. This is fully aligned with the State’s decarbonization policies and also provides another avenue to reduce gas system demand during periods when gas is most needed to maintain electric system reliability. In addition, the Commission should consider that, if approved, these gas DR pilots would be the only ones deployed in the State today; as such, they represent an excellent learning opportunity to inform future SoCalGas full-scale gas DR programs as well as other gas utilities’ DR pilots. Otherwise, the State will be “back to square one” on gas DR programs.

V. THE PROPOSED DECISION ERRS IN REQUIRING THE SOCALGAS PILOTS TO AVOID CURTAILMENT OF ONE PEAKING TURBINE

In dismissing the application, the PD asserts that it “fails to take account of the extensive feedback to the earlier application presented in D.20-02-043”, and cites to guidance provided in D.20-02-043 that the DR Pilot application should include “data about whether an interruptible rate program, either alone or in combination with a proposed commercial and industrial demand

response program, would be beneficial to the system by avoiding the curtailment of one peaking turbine, or approximately a million cubic feet per hour.³

The Council does not dispute that this guidance was given in the Commission decision on the prior SoCalGas DR pilot application, but it is inconsistent with the very nature of DR pilots which can be highly unpredictable in their aggregate load impacts because they depend on customer participation and customer response to curtailment signals. More specifically, it is difficult to predict how many customers will find a pilot attractive enough to participate in; even when they do participate, it is difficult to predict the amount of load curtailment they are willing to provide and how frequently they are willing to provide it. The entire purpose for deploying a pilot is to learn this information so the PD appears to be putting the cart before the horse by setting a standard that SoCalGas cannot know it will meet until it is able to deploy its pilots and determine their effectiveness.

More substantively, it is not entirely clear that the relatively modest budget proposed by SoCalGas would come remotely close to providing a million cubic feet per hour of curtailment at any given time. A million cubic feet translates to approximately 1000 mmBtu so, assuming a peaker plant with a heat rate of 10,000 Btu/kWh, burning that quantity of natural gas would generate approximately 100 MW per hour of electricity. Other than the Emergency Load Reduction Program Pilot, which has a far larger budget than the one requested by SoCalGas by an order of magnitude, this is far larger than most other electric DR pilots. If the equivalent of 100 MW of load curtailment capability is the minimum standard for the Commission to approve a gas DR pilot, then the PD should dramatically increase, rather than decrease, the DR pilot budget. It is clear that this requirement is unrealistic and should be waived.

VI. CONCLUSION

The Council asks that the Proposed Decision be modified for the reasons stated above and that the SoCalGas DR pilots be approved. Those needed modifications to the Proposed Decision are included in Appendix A (Proposed Modifications to Findings of Fact, Conclusion of Law, and Ordering Paragraph) attached and incorporated by reference hereto.

³ Proposed Decision, at p. 9 (citing D.20-02-043, at p. 36 (Footnote 125)).

Dated: January 10, 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