

Energy Efficiency

SoCalGas Energy Efficiency Business Plan for 2018-2025

February 2, 2017

SoCalGas Business Plan Overview

Vision:

To offer a suite of solutions that incorporates the best available technologies and services valued by our customers, contributes to achievement of energy efficiency goals, and that ultimately aligns with the State's overarching energy and environmental goals.

Key energy efficiency portfolio goals:

- Facilitate, sustain, and transform the long-term delivery and adoption of energy-efficient products and services
- Cultivate, promote, and sustain lasting energy-efficient operations and practices
- Meet customers' energy efficiency adoption preferences through a range of simplified offerings that address customer energy efficiency needs

2018-2025 Portfolio Summary

- Annual Energy Savings Forecast (MMTherms)

Sector	2018	2019	2020	2021	2022	2023	2024	2025
Residential	2.8	2.8	2.9	3.1	3.2	3.4	3.5	3.6
Commercial	2.8	3.9	4.2	4.4	4.7	5.0	5.3	5.5
Industrial	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Agricultural	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Public	1.4	1.5	1.6	1.7	1.8	1.9	1.9	2.0
Market Sector Subtotal	13.1	14.8	15.3	15.8	16.3	16.8	17.3	17.9
Codes & Standards	12.7	12.6	12.2	10.9	10.3	9.6	9.1	9.1
Total (Net)	25.8	27.4	27.5	26.7	26.6	26.4	26.4	26.9
Total (Gross)	37.2	40.2	40.7	40.3	40.7	40.9	41.3	42.2

- Cost-Effectiveness

Cost-Effectiveness		
2018-2020	TRC	PAC
Total without C&S	1.11	1.47
Total with C&S	1.54	4.30

2018-2025 Portfolio Budget

Sector	2018	2019	2020	2021	2022	2023	2024	2025
Market Sector Subtotal	\$76,018	\$79,085	\$81,104	\$83,150	\$85,224	\$87,329	\$89,463	\$91,629
SoCal REN	\$4,337	\$4,337	\$4,337	\$4,337	\$4,337	\$4,337	\$4,337	\$4,337
EM&V	\$3,348	\$3,476	\$3,560	\$3,645	\$3,732	\$3,819	\$3,908	\$3,999
SoCalGas Total	\$83,703	\$86,898	\$89,001	\$91,132	\$93,293	\$95,485	\$97,708	\$99,965
Statewide ME&O	\$2,105	\$1,578	\$-	\$-	\$-	\$-	\$-	\$-
New Finance Offerings	\$1,798	\$1,749	\$1,701	\$-	\$-	\$-	\$-	\$-
Grand Total	\$87,606	\$90,225	\$90,702	\$91,132	\$93,293	\$95,485	\$97,708	\$99,965

- Budget escalates over time to account for increased cost to achieve energy efficiency goals
- Budget represents expected levels of annual spending with more detailed budgets provided in the annual budget advice letters

Sector Goals

RESIDENTIAL

- 1) Achieve comprehensive, deep energy efficiency levels through a whole house approach.
- 2) Increase energy efficiency adoption levels for all residential customers with a focus on multi-family customers with high potential through efficient outreach and effective offerings.
- 3) Increase adoption of energy-efficient gas appliances and energy management devices.
- 4) Through the promotion of gas efficiency, enable new construction to achieve zero net energy (ZNE) performance levels.

COMMERCIAL

- 1) Increase energy efficiency adoption levels for commercial customers with high energy efficiency potential through efficient outreach & effective offerings.
- 2) Increase energy efficiency levels in the commercial leased properties by reducing the split-incentive market barrier.
- 3) Increase number of ZNE-ready buildings across most commercial segments through increased gas energy efficiency levels.
- 4) Support the proper installation, maintenance, & use of HVAC systems in the commercial sector.

INDUSTRIAL

- 1) Increase adoption of energy efficiency solutions by smaller-sized industrial customers.
- 2) Provide simple, no hassle, low cost customer transactions that encourage greater customer investment in energy efficiency.
- 3) Reshape industrial organizational practices to enable adoption of energy efficiency solutions as part of customer's industrial processes.
- 4) Increase energy efficiency adoption levels across all industrial segments.

AGRICULTURAL

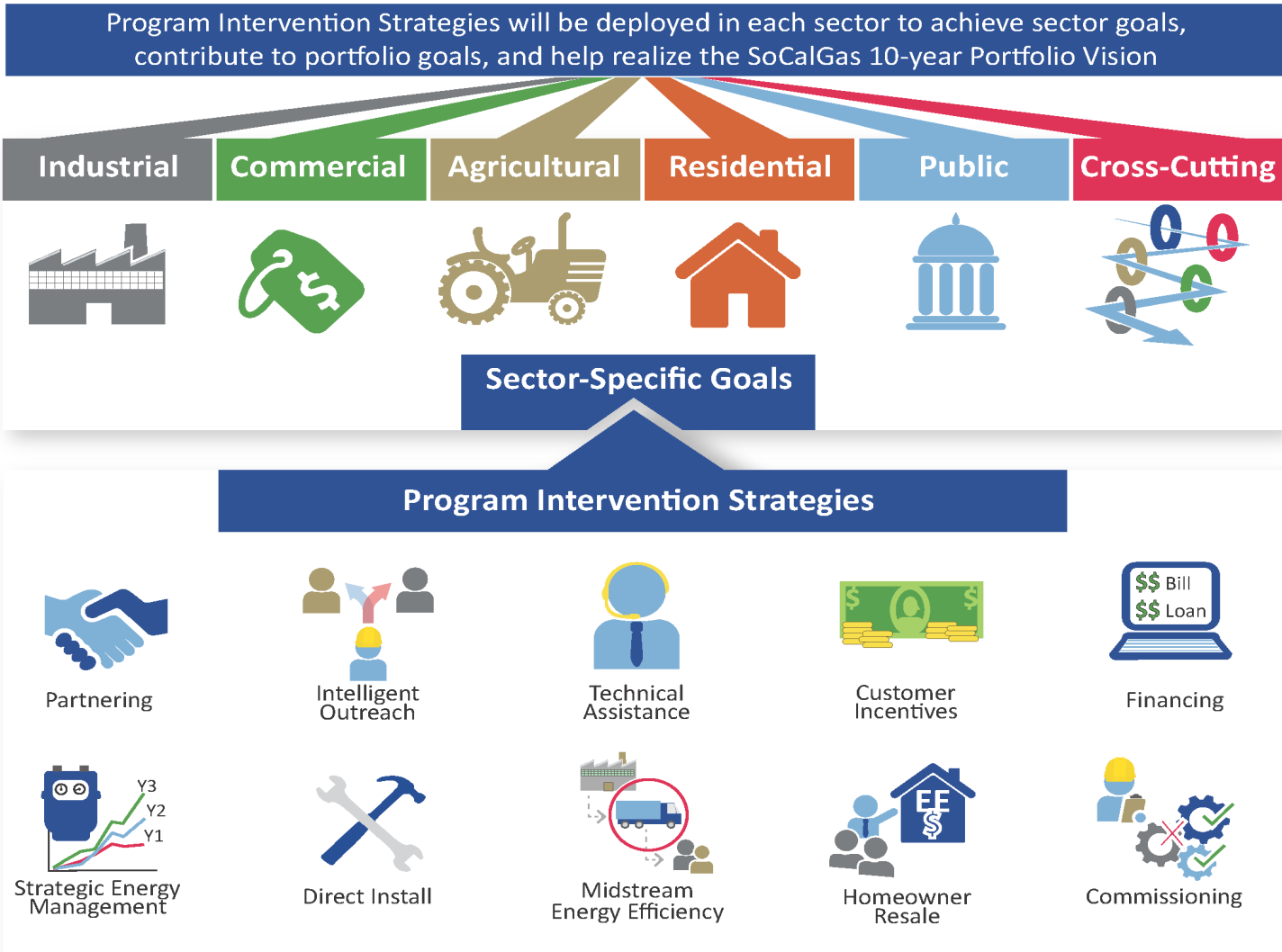
- 1) Substantial increase in deeper, more comprehensive natural gas energy efficiency in the small customer groups.
- 2) Encourage investment in natural gas energy efficiency to lower operational costs and improve competitiveness.
- 3) Increase in natural gas energy efficiency among all agricultural customer segments.

PUBLIC

- 1) Achieve comprehensive, deep energy efficiency levels among all public facilities to support the achievement of zero net energy buildings.
- 2) Incorporate energy efficiency into policies and practices to permanently modify the public customer's organizational decision-making process regarding energy efficiency solutions.
- 3) Increase energy efficiency adoption levels among public sector customers in rural and disadvantaged communities.

Cross-cutting

Sector Approach



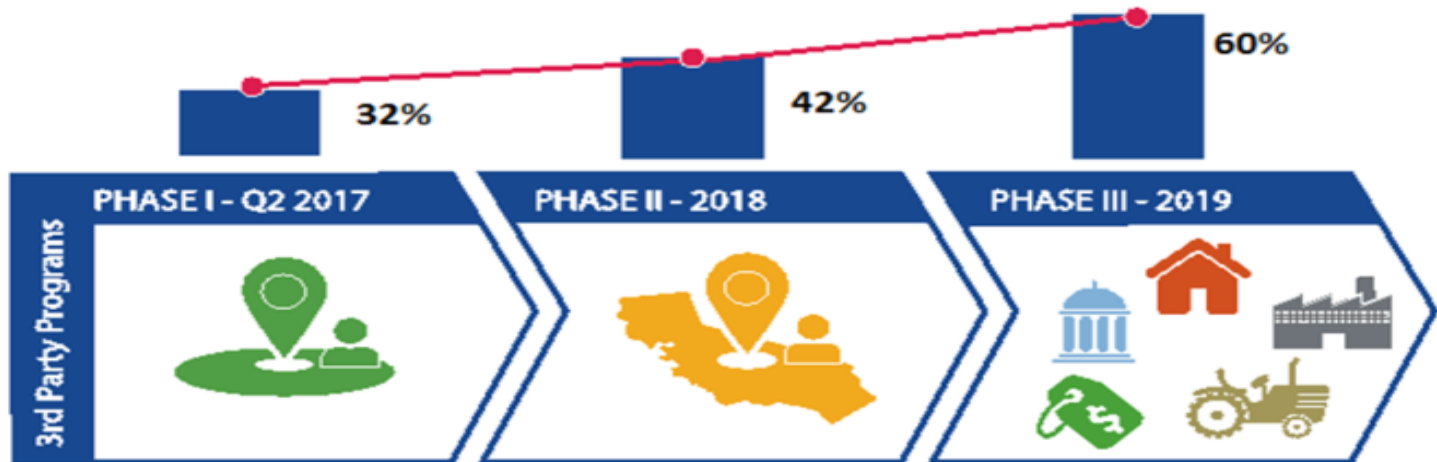
Program Intervention Strategies	Residential	Commercial	Industrial	Agricultural	Public
PARTNERING with other entities, through structured arrangements, is intended to: increase the number of customers adopting energy efficiency; promote deeper, comprehensive energy efficiency; simplify customer engagement; and reduce program costs through a cost-sharing partner model.	X	X	X	X	X
INTELLIGENT OUTREACH uses energy consumption data, in concert with other sources, to effectively target and inform customers about energy efficiency opportunities within their homes and non-residential buildings.	X	X	X	X	X
TECHNICAL ASSISTANCE is focused on educating and training key facility personnel on energy efficiency practices and providing supplemental assistance in energy efficiency project development and implementation.		X	X	X	X
STRATEGIC ENERGY MANAGEMENT is focused on achieving deeper and permanent energy efficiency levels for larger operations through improved customer operational and maintenance practices and energy-efficient equipment installations with continuous monitoring of energy usage to confirms realized energy savings.		X	X	X	X
CUSTOMER INCENTIVES are a simplified suite of financial incentive offerings directed at customers to reduce the high first cost barrier: a key market barrier for most customers. Recognizing the varied preferences among customers for different financial solutions, the program strategy offers a menu of tactics.	X	X	X	X	X
DIRECT INSTALL (DI) delivers natural gas energy efficiency solutions, with electric and water efficiency, where feasible, to achieve near-term measurable results. Comprehensive DI delivers deeper energy savings and will rely on ratepayer funds as well as customer co-fund contributions and/or customer financing.	X	X	X	X	X
MIDSTREAM ENERGY EFFICIENCY provides deemed incentives to distributors to reduce the retail cost of natural gas energy efficiency equipment, promote stocking of energy-efficient equipment & inform contractors at the distributor level.	X	X	X	X	
FINANCING relies on various financing vehicles including on/off bill repayment solutions and statewide CHEEF pilots to encourage customers to adopt deeper, more comprehensive energy efficiency solutions.	X	X	X	X	X
HOMEOWNER RESALE works with the real estate community, homeowners, lenders and multi-family property owners (including new construction) to promote the advantages of purchasing an energy-efficient home (single family and multi-family).	X				

Statewide Programs

- SoCalGas proposes to be the Lead Program Administrator of four statewide programs:
 - Residential New Construction
 - Gas Emerging Technologies
 - Foodservice Point-of-Sale Rebates
 - Midstream Commercial Water Heating

Sourcing Strategy

- SoCalGas outlines a three-phase transition to meet the requirement that at least 60% of the portfolio be devoted to third-party programs by end of 2020:



- Phase 1: re-solicit existing third-party programs in 2017
- Phase 2: solicit statewide programs in 2018
- Phase 3: solicit additional programs in 2019, including Commercial, Industrial, and Agricultural deemed and calculated programs

Policy Considerations

- SoCalGas proposes six policy considerations to enable successful EE program implementation:
 - Cost-effectiveness threshold for this cycle be set at 1.0 for both the TRC and PAC tests
 - The statewide program 25% budget requirement should be modified for gas-only PAs to 15%
 - Functional activities that are administered statewide should count toward the PAs statewide activities budget
 - Clarification that the 60% minimum requirement for budgeting 3rd party implementation of EE programs by 2020 be based on total portfolio budget
 - Recognition of the roles/responsibilities of statewide administration of EE programs
 - Clarification on the effective date of the new “third party” definition

QUESTIONS?

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