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**SoCalGas Comments on Low-Income Barriers Workshop**

*Additional submitted attachment is included below.*



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California Energy Commission  
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Sacramento, CA 95814-5512

**Subject: Comments on CEC Joint Agency Workshop on Senate Bill 350  
Low-Income Barriers Study Implementation, Docket #17-IEPR-08**

Dear Commissioners:

Southern California Gas Company (SoCalGas) appreciates the opportunity to comment on the California Energy Commission (CEC) and the California Public Utilities Commission (PUC) Joint Agency Workshop on Senate Bill (SB) 350 Low-Income Barriers Study Implementation, held on August 1, 2017. SoCalGas offers the following comments in response to specific questions raised in the workshop, as well as to provide feedback on the overarching effort to improve the equity of California's clean energy policies. Our comments are organized as follows:

- I. SoCalGas Offers Affordable Options for All Customers
  - A. SoCalGas Invests in Supplier Diversity
  - B. City of South Gate Barrier Removal Pilot Project
  - C. Increasing Access to Affordable Energy in San Joaquin Valley
  - D. Enabling Local Action under SB 375
  
- II. Natural Gas is a Clean and Affordable Energy Solution
  - A. Near-Zero Emission Vehicles Support SB 350 Goals
  - B. Renewable Gas Provides Economic Benefits

**I. SoCalGas Offers Affordable Options for All Customers**

SoCalGas is committed to serving its low-income customers and disadvantaged communities. Over one-third of SoCalGas customers—or 1.5 million households—receive bill assistance each month, and energy affordability is an important issue for all our customers.

SoCalGas' Energy Savings Assistance Program (ESAP) served over 60,000 low-income households in 2016, many located in underserved communities. ESAP offers low-income natural gas customers weatherization services, energy efficient appliances, energy education, and other energy efficiency

measures at no cost to the customer. SoCalGas also offers energy efficiency upgrades to middle income customers that are between 201% and 300% of Federal Poverty Guidelines through the Middle Income Direct Install Program. SoCalGas joins together with municipal electric utilities, including the Los Angeles Department of Water and Power, and water agencies to offer joint energy efficiency and ESAP programs to customers. SoCalGas implements 23 joint programs across 5 entities, through a Single Point of Contact approach, which facilitates simplified access to gas, electric, and water efficiency measures and program offerings to multi-family customers.

Additionally, multi-family property owners have access to SoCalGas' On-Bill Financing program which offers zero percent energy efficiency loans that are repaid through the monthly utility bills. Qualified low-income and affordable multi-family properties can take out 10 year loans of up to \$250,000 per meter.

### **A. SoCalGas Invests in Supplier Diversity**

At the workshop, Chair Weisenmiller asked about SoCalGas contracting diversity. Increasing our diverse supplier base is critical to our mission of delivering clean, safe and reliable natural gas to our customers. Working with culturally and ethnically diverse business owners is not just an integral part of our corporate strategy, but also benefits our suppliers and local community. In 2016, Diverse Business Enterprise (DBE) made up 35% of company-wide purchases, and 68% of Customer Programs Assistance Program purchases. A total of \$672.4 million was spent with diverse firms, and 682 diverse suppliers worked with SoCalGas.

### **B. City of South Gate Barrier Removal Pilot Project**

SoCalGas is partnering with the City of South Gate to pilot an innovative project targeting low-income communities that qualify for participation in ESAP, but ESAP measures cannot be installed due to physical measure barriers. These barriers may include issues such as asbestos, electrical availability, drainage problems, high water pressure or faulty water pressure regulators, and the incremental cost of high efficiency equipment. According to internal interviews, anecdotal information, and field service feedback, up to 40% of residential energy efficiency projects in the SoCalGas service territory encounter a barrier issue that may impede one or more efficiency measures<sup>1</sup>. The City has committed \$100,000 from Community Development Block Grants to fund the pilot, and SoCalGas expects to service approximately 100 homes over the next 12 months.

Based on pilot success, SoCalGas is looking to expand this approach throughout our service territory. While current efforts for the pilot project are focused on low income, ESAP eligible customers, the intent is to greatly extend this approach to non-low income customers in the future.

### **C. Increasing Access to Affordable Energy in San Joaquin Valley**

SoCalGas supports the rulemaking to bring affordable energy solutions to disadvantaged communities in the San Joaquin Valley, which at the same time, will improve the safety, health, and environment in those communities. SoCalGas is actively exploring extension of natural gas service in the San Joaquin Valley to provide affordable heating solutions, lower the energy burden in households and reduce particulate emissions. Ninety-six communities in SoCalGas' service territory have been identified in

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<sup>1</sup> This is an estimate based on qualitative and anecdotal evidence, which will be refined as additional data is collected in the field during the pilot and implementation phase

the proceeding, and SoCalGas has identified five communities to be part of a program to extend natural gas service to disadvantaged communities in the next phase of the rulemaking. Conversion to natural gas will not only reduce the energy burden and energy insecurity for those communities, but conversion to natural gas will also reduce greenhouse gas (GHG) and particulate emissions compared to those households currently using propane or wood for heating and cooking.

In addition, most of these communities are located near agriculture, which is a significant source of the State's methane emissions. Converting these methane sources to renewable gas for pipeline injection would not only reduce emissions, but provide consumers access to lower carbon gas. Renewable gas will be a more feasible and affordable transition for disadvantaged customers than electrifying end-uses, as the State moves towards lower carbon energy.

#### **D. Enabling Local Action Under SB 375**

SoCalGas supports the efforts under Senate Bill 375 (Chapter 728, Statutes of 2008) by partnering with local governments and metropolitan planning organizations (MPOs) to build more sustainable communities. We believe local governments are best equipped to engage citizens and find solutions that are best suited to the needs of their specific community. SoCalGas works closely with cities, counties, and MPOs to help them achieve GHG and ozone emission reduction goals, providing information and other resources on energy efficiency, natural gas vehicles, distributed energy resources, renewable gas, and energy storage programs. The utility's role is critical in achieving emissions reductions, and we are an important partner with communities as they develop policies and action items to meet their goals.

SoCalGas continues to work with our customers and technology developers to identify clean technology solutions through energy efficiency programs and customer education and outreach initiatives. We also support near-term and long-term technology development that can reduce both GHG and criteria pollutant emissions and better meet our customers' changing energy needs. SoCalGas seeks to meet a range of those needs, including serving traditional uses, such as heating, power generation, and transportation fueling, as well as continuing to leverage natural gas resources to deploy industry-leading energy efficiency, conservation, and emerging technology programs.

## **II. Natural Gas is a Clean and Affordable Energy Solution**

Natural gas plays a critical role in disadvantaged communities as a low-cost and low-emission fuel. As the lowest-price fuel source in California, natural gas provides valuable, low-cost energy to ratepayers, including the 33% of SoCalGas residential customers that are enrolled in the California Alternate Rates for Energy (CARE) program. The economic impact on ratepayers—especially low-income ratepayers—must be taken into account when considering energy efficiency strategies. Consider that the average annual household electricity bill is \$1460, while the annual natural gas bill is \$421<sup>2</sup>. Without natural gas in the home, the cost of energy for many consumers could rise. In the CEC's Pre-Rulemaking on 2019 Building Energy Efficiency Standards docket, an Energy and Environmental Economics, Inc. (E3) study examining building electrification found a \$24 monthly energy bill increase when moving to an all-electric home from a mixed-fuel home.<sup>3</sup> Additionally, E3's analysis showed that an all-electric home required more energy than a mixed-fuel home.

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<sup>2</sup> Bureau of Labor Statistics, U.S. Department of Labor. <https://www.bls.gov/opub/ted/2016/household-spending-increased-4-point-6-percent-from-2014-to-2015.htm>

<sup>3</sup> Electrification Analysis, report completed by Energy & Environmental Economics in July 2016.

There is also a significant opportunity to dramatically reduce air pollution emissions and benefit disadvantaged communities through heavy duty natural gas vehicles, developing renewable gas for pipeline injection for core residential and commercial end-uses, and in serving customers through low income and energy efficiency programs.

### **A. Near-Zero Emission Vehicles Support SB 350 Goals**

Heavy-duty natural gas vehicles provide an opportunity to meet disadvantaged community assistance goals established under SB 350 and can provide benefits compared to both diesel and electric heavy-duty vehicles. At the workshop, Chair Weisenmiller pointed out that populations near highways have 10-20% increased risk of asthma. As many disadvantaged communities in California are located near transportation corridors and freight hubs, addressing mobile source criteria air pollution immediately is critical to public health, specifically for disadvantaged communities that are disproportionately impacted by air quality and climate change. The California Air Resources Board (ARB) estimates that in 2030, emissions from the freight industry will result in \$9 billion of associated health impacts.<sup>4</sup> Trucks in goods movement are far and away the largest source of both oxides of nitrogen (NOx) and GHG emissions within the freight sector.<sup>5</sup>

Natural gas engines that meet the ARB optional Low NOx Emission standard of 0.02 grams of NOx per brake horsepower per hour (g/bhp-hr), which is 90 percent lower than its diesel counterparts, are available *today* for Class 7 and 8 heavy duty operations. An 8.9 liter Cummins Westport offering has already been certified for 0.02 g/bhp-hr. An 11.9 liter offering is currently being demonstrated at the ports of Los Angeles and Long Beach and is expected to receive its optional Low-NOx certification of 0.02 g/bhp-hr in early 2018. These Low NOx engines, when paired with renewable natural gas can achieve lifecycle GHG emissions of 60 percent and can be carbon negative depending on the source.

The use of these Low NOx engines with renewable gas in goods movement, particularly in disadvantaged communities, yield significant benefits. In addition to the NOx and GHG emission reductions, these Low NOx engines also eliminate diesel particulate matter emissions, which is a primary driver of health risk and health effects. As numerous studies show the harmful health impacts of living near transportation corridors, it is critical that we immediately deploy technology solutions that are available today.

### **B. Renewable Gas Provides Economic Benefits**

In addition to the environmental benefits that come from replacing heavy-duty diesel trucks with natural gas heavy-duty trucks, there are substantial economic benefits that can assist all Californians, including disadvantaged communities. In May 2017, ICF released a report entitled "Economic Impacts of Deploying Low NOx Trucks fueled by Renewable Natural Gas" that assessed the economic opportunity resulting from large scale conversions of heavy-duty diesel trucks to natural gas. In a statewide scenario in which 172,000 to 516,000 trucks were converted, the ICF report concluded that between 81,000 and 134,000 jobs would be created in California from 2018 to 2030.<sup>6</sup> The jobs created

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<sup>4</sup> Sustainable Freight: Pathways to Zero and Near-Zero Emissions Discussion Document, ARB, April 2015

<sup>5</sup> Ibid.

<sup>6</sup> ICF International, "Deploying Low NOx Trucks fueled by Renewable Natural Gas", May 2017, p.4.

[http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-10/TN220205\\_20170714T151747\\_SoCalGas\\_Comments\\_ICF\\_Study\\_Economic\\_Impacts\\_of\\_Deploying\\_Low\\_N.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-10/TN220205_20170714T151747_SoCalGas_Comments_ICF_Study_Economic_Impacts_of_Deploying_Low_N.pdf)

are anticipated to "... have an expected labor income of nearly \$68,500 per job created, more than twice the median salary in California today... " and " ... created in sectors such as construction, fabrication and manufacturing, engineering services, waste management, and service industries (e.g., restaurants)...."<sup>7</sup> Further, there will be 2.0 jobs created in supporting industries for every job created by investing in near zero natural gas trucks, natural gas fueling infrastructure, and RNG production.<sup>8</sup>

## **Conclusion**

SoCalGas appreciates the CEC's consideration of these comments in the 2017 IEPR and looks forward to continue working collaboratively with the PUC, stakeholders, and other investor-owned utilities (IOUs) to address barriers affecting low-income customers and disadvantaged communities.

Sincerely,

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<sup>7</sup> Ibid.

<sup>8</sup> Ibid.