

**DOCKETED**

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*Comment Received From: Allison Smith*  
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**SoCalGas comments on Joint En Banc on Green Book**

*Additional submitted attachment is included below.*



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July 6, 2018  
California Energy Commission  
Dockets Office, MS-4  
1516 Ninth Street  
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**Subject: Comments on the Joint Agency En Banc on the Draft Green Book: an Evaluation of Regulatory Framework Options for an Evolving Electricity Market (Draft Green Book), Docket # 18-IEPR-01**

Southern California Gas Company (SoCalGas) appreciates the opportunity to comment on the Joint En Banc on the Draft Green Book held by the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) on June 22, 2018, which is being incorporated into the 2018 Integrated Energy Policy Report Update (IEPR Update) proceeding.

During Panel 2 (CEC Update on the 2019 Building Energy Efficiency Standards) discussions, CPUC Commissioner Michael Picker made statements around Los Angeles County being very reliant on natural gas storage and suggested whether the CPUC should restrain access to new natural gas hookups to encourage local governments to adopt local electrification ordinances since local jurisdictions can adopt more stringent standards than those included in the CEC's Building Energy Efficiency Standards.

SoCalGas is concerned with Commissioner Picker's statements and is opposed to moratoriums on new natural gas connections in Los Angeles. Moratoriums on new natural gas connections should not be pursued to push local jurisdictions into adopting building electrification ordinances. SoCalGas supports sensible policies that are cost-effective and preserve customer choice while meeting greenhouse gas (GHG) emissions reductions goals.

When the CPUC issued a proposal to direct SoCalGas to implement a moratorium on new commercial and industrial customer natural gas connections in Los Angeles County,<sup>1</sup> SoCalGas requested that the CPUC reject the draft resolution because it was unreasonable, unnecessary, contrary to the public interest, and inconsistent with established curtailment rules, priority of

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<sup>1</sup> See CPUC Draft Resolution G-3536.

service, and applicable CPUC decisions.<sup>2</sup> Numerous other parties<sup>3,4</sup> opposed the CPUC’s proposal, and highlighted the harm that would be done to the economy if the moratorium were implemented. Moving forward with a moratorium “could result in unprecedented economic harm to the Los Angeles Region, impacting health care facilities, restaurants, and other businesses large and small.”<sup>5</sup> In addition, a moratorium would “heavily burden working families” by halting new economic activity in Southern California, and “small and minority business[es] would face bankruptcy.”<sup>6</sup>

The Los Angeles County Economic Development Corporation’s (LAEDC) Institute for Applied Economics examined the potential economic implications of the proposed moratorium, including the direct, indirect, and induced deployment impacts within Los Angeles County. LAEDC determined that, if implemented, the emergency moratorium would have the following estimated economic and job impacts over its proposed duration (January 11<sup>th</sup> through March 2018):

- 5,160 fewer total jobs would be created
- \$879.5 million lost in future economic output
- \$323.9 million lost in future labor earnings
- \$119.7 million lost in future federal, state and local tax revenues, of which \$13.3 million and \$5.8 million will be lost in tax revenues to Los Angeles County and local cities, respectively<sup>7</sup>.

This demonstrates the importance of natural gas to the economy and the need for investment in the use of natural gas infrastructure to support California. The push for a natural gas hook-up moratorium to promote building electrification policies not only threatens customer choice, but could have serious economic implications. California policy makers must support the maintenance of a safe and reliable natural gas system, promote a robust California economy, and continue towards its environmental and air quality goals, which natural gas and renewable gas can support.

Sincerely,

*/s/ Tim Carmichael*

Tim Carmichael<sup>[1]</sup><sub>[SEP]</sub>  
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<sup>2</sup> SoCalGas Comments on CPUC Draft Resolution G-3536.

<sup>3</sup> Los Angeles County, American Gas Association, LA County Business Community Coalition, Bloom Energy, California Manufacturers and Technology Association, Biz Fed LA County, PTG Water & Energy, Californians for Affordable and Reliable Energy, California Council for Environmental and Economic Balance, Clean Energy, and Honeybird Restaurant

<sup>4</sup> <http://labusinessjournal.com/news/2018/jan/05/business-opposition-mounts-proposed-moratorium-new/>

<sup>5</sup> <https://www.dailynews.com/2018/01/05/moratorium-on-new-new-gas-connections-fails-economics-101/>

<sup>6</sup> <https://www.dailynews.com/2018/01/08/the-crazy-idea-to-make-an-artificial-gas-shortage-worse/>

<sup>7</sup> <https://laedc.org/2018/01/09/proposed-gas-moratorium-warrants-further-study/>