

DOCKETED

Docket Number:	18-IEPR-09
Project Title:	Decarbonizing Buildings
TN #:	224445
Document Title:	NEWS RELEASE New Study Advises Policymakers to Consider Renewable Natural Gas for Low-Carbon Buildings Strategy FINAL
Description:	Attachment from George Minter Email 8.2.18
Filer:	Raquel Kravitz
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	8/8/2018 11:31:28 AM
Docketed Date:	8/8/2018



MEDIA CONTACT

Christine Detz
Office of Media and Public Information
(213) 244-8176
cdetz@semprautilities.com

NEWS RELEASE

New Study Advises Policymakers to Consider Renewable Natural Gas for Low-Carbon Buildings Strategy

Replacing 16 percent of natural gas with renewable gas could achieve similar GHG reductions as electrifying 100 percent of California's buildings

By using a mix of both in and out of state resources, the renewable natural gas strategy is 3 times more cost effective in reducing GHGs than any electrification pathway

LOS ANGELES, August 2, 2018 – [Southern California Gas Co.](#) (SoCalGas) today joined businesses, affordable housing advocates, scholars, and local government leaders to announce the results of a new study it commissioned by Navigant Consulting, Inc. that advises policymakers to consider renewable natural gas for California's low carbon building strategy as a pathway for California to achieve its greenhouse gas (GHG) reduction goals. The analysis forecasts that replacing just 16 percent of the traditional natural gas supply with renewable gas (RNG) captured from sources like dairies, wastewater treatment plants, and landfills, can achieve GHG reductions equivalent to converting 100 percent of buildings to electric only energy by 2030. By using a mix of both in and out of state resources, the renewable natural gas strategy is 3 times more cost effective in reducing GHGs than an electrification pathway. Navigant's full analysis, including disclaimers and assumptions, may be found [here](#).

SoCalGas is committed to developing renewable natural gas and renewable storage technologies to help California meet its climate goals. This year, SoCalGas is supporting Senate Bill 1440, Hueso (D-San Diego), that would result in 5 percent of natural gas delivered to residential customers being replaced with renewable natural gas. This is a meaningful step towards the 5 percent rate of renewable gas statewide which, according to SoCalGas, could achieve GHG reductions equivalent to 30 percent electrification of the building sector and without the burden of mandates that would require families to purchase new appliances or upgrade their homes.

"SoCalGas customers prefer natural gas to heat their homes and to cook their food by a margin of 5 to 1 over electricity because it is the most affordable form of energy," said Sharon Tomkins, SoCalGas vice president for customer solutions and strategy. "This study is a game changer – it shows that California can achieve meaningful greenhouse gas reductions without costly mandates that force people to upgrade their electrical panels and purchase new appliances and that could drive California deeper into an affordable housing crisis."

Today, 90 percent of homes in Southern California use natural gas for space and water heating or cooking. Natural gas emissions from residential buildings account for only about 5 percent of greenhouse gas emissions according to the California Air Resources Board, a number that can be further reduced by use of renewable natural gas.

In April 2018, the California Building Industry Association (CBIA) announced the results of two other studies that reveal the high cost of electrifying California homes and a strong preference among voters for more affordable natural gas appliances. The first CBIA study found that in homes with natural gas appliances, swapping those appliances for all electric alternatives would cost the average household in Southern California more than \$7,200 to upgrade wiring and electrical panels and purchase new appliances. This, along with higher electricity bills, could increase energy costs up to \$877 per household each year. Across Southern California's 7 million single-family homes, the total cost increase is \$4.3 to \$6.1 billion per year. Moreover, recent and proposed updates to residential energy efficiency standards, mandated by the California Energy Commission could increase the cost of housing by as much as \$20,000, according to CBIA.

A separate CBIA poll found that when purchasing a house, only one-in-ten voters would choose a home with only electrical appliances and two-thirds of those surveyed oppose eliminating the use of natural gas in California.

"Further use of renewable natural gas can mitigate GHG emissions from a broad range of in-state businesses and transportation sources," Dr. Arun Raju, director of the Center for Renewable Natural Gas at the University of California, Riverside, said. "Our recent research shows that increasing the RNG content of the state's natural gas supply will mitigate GHG emissions at costs comparable to other strategies. Moreover, the use of RNG will reduce emissions that will be difficult to otherwise achieve and can help with implementation of the state's overall climate and energy goals."

"The LA Area Chamber believes that innovation should drive energy efficiency and reduced emissions," said Jessica Duboff, Vice President of Policy, Los Angeles Area Chamber of Commerce. "This study demonstrates that employing diverse strategies, such as renewable natural gas, can help achieve our state's climate goals in a cost-effective, market-driven manner."

"California has one of the highest costs of living in the nation and is facing an unprecedented affordable housing crisis," said Paul Granillo, president and chief executive officer of the Inland Economic Partnership. "Prohibiting the use of natural gas in homes and businesses would drive up utility bills, make housing more expensive and eliminate the most affordable energy option and the one that most people prefer."

"Poverty and homelessness are driven by many factors, but one of the most important is the precipitous increases in the cost of living in L.A. County, which includes housing and home expenses," said Elise Buik, President and CEO, United Way of Greater Los Angeles. "United Way of Greater Los Angeles has a long-standing relationship with our utility partners including SoCalGas to ensure all families are able to pay their utility bills through the Utility Assistance Program. In looking forward, environmental solutions that reduce overall building costs and provide equal benefit to our planet and our at-risk neighbors is a smart path to pursue."

"California needs a balanced strategy for reducing greenhouse gas emissions; one that considers the impact on families and businesses," said Bryan Starr, president and CEO, Greater Irvine Chamber. "Businesses want to do their part for the environment, but affordability and choice are important factors. Natural gas is an affordable, reliable, and clean renewable energy choice for Californians."

“Affordable housing and the cost of living are two substantial drivers of homelessness. It is the responsibility of every decision-making body in California to search for solutions to reduce the known causes of homelessness rather than working on counterproductive measures that increase costs,” said Brian Ambrose, assistant to the City Manager for Murrieta. “If utilizing renewable natural gas reduces costs for those one paycheck away from homelessness, then widespread implementation should be considered.”

“CalRecycle has estimated that over 10 million tons of organics statewide will need to be diverted from landfills to achieve the organics disposal reduction targets established by the State,” said Hans Kernkamp, general manager and chief engineer for the Riverside County Department of Waste Resources. “Now more than ever, in order to achieve these ambitious targets, we need every tool in the toolbox, including the injection of renewable natural gas into the gas system infrastructure.”

“Biogas blended with traditional natural gas serves to reduce the carbon footprint of power generation while blunting the upward trajectory of electricity due to the reduced fuel charges,” said Joe Wallace, chief executive officer of the Coachella Valley Economic Partnership.

“Mandating businesses and residential households to change from natural gas to electric appliances would put an unnecessary strain on their bottom line and family budgets without saving much of anything in regard to GHG production,” said Joe Cina, president and chief executive officer of the Glendora Chamber of Commerce. “As it is, families are finding costs of goods and services on the rise for several reasons. If all parties would have to comply these unfunded mandates, both households and businesses would find their day to day expenses increase dramatically, making it even more difficult to survive in our already expensive state.”

“The aggressive attempts in which some California legislators have been trying to eliminate natural gas as an option for Californians by 2030 confounds us,” said Sheryl Lefman executive director of the Duarte Chamber of Commerce. “The Duarte Chamber of Commerce has taken firm positions in opposition of these attempts. They are an unnecessary burden on all consumers and will stifle economic development and commerce statewide. We applaud SoCalGas’ efforts to find sound solutions to GHG reductions such as the use of renewable gas and the continued production of it to provide the emissions mandated by law.”

“The City of Huntington Beach is unique in that we rely on natural gas to power our water distribution system,” said Antonia Graham, assistant to the City Manager for Huntington Beach. “Additionally, our business community relies on natural gas to power their operations. The resiliency, availability, and low cost of natural gas make it a great choice for cities and businesses. We need a balanced approach and we need to be able to have a choice on what works best for our communities. There is no reason that natural gas should not be part of the solution to achieve the State’s ambitious goals.”

“Habitat for Humanity Coachella Valley continues to deal with California's burdensome regulations which in turn affect our homeowners,” said Patrick Swarouth president for Habitat for Humanity Coachella Valley. “We need the ability to choose energy suppliers. Living in an area with high electric cost, natural gas continues to be the choice for all our homeowners to heat their homes, water and cook their meals.”

“California is facing an unprecedented affordable housing crisis and recent reporting shows a more than 20 percent increase in homeless seniors,” said Gary Passmore, CA Congress of Seniors. “Smart energy

policy should consider the impact on utility bills and the cost of housing, particularly for those on a fixed budget.”

“Placing strict mandates on electrification and requiring the purchase of new appliances is not the answer to reducing greenhouse gas emissions,” said Kristen Camuglia, chair, South Orange County Economic Coalition. “Such a move would unduly impact families and businesses already burdened by the excessively high cost to live and do business in this state while limiting their choices as consumers, a move which we oppose. Instead, the state should look into the expansion of renewable gas production as an innovative and economically-friendly alternative to achieving reduced greenhouse gas emissions.”

“California has one the highest costs of living in the nation and is facing an unprecedented affordable housing crisis,” said Rosalina Davis owner of Tlaquepaque Restaurant and president of the Placentia Downtown Merchants. “Prohibiting the use of natural gas in homes and businesses would drive up utility bills, make housing more expensive and eliminate the most affordable energy option and the one that most people prefer. Many businesses are also leaving California or shutting their doors because it is so costly and prohibitive to sustain a business.”

“For many individuals and families transitioning out of homelessness their monthly budget is tenuous,” said April Lindh, acting director at the San Fernando Valley Rescue Mission. “While experts recommend spending 30 percent of one’s income on rent many spend upwards of 60-80 percent. I’m concerned about the push towards 100 percent electrification as it could cause a significant rise in utility costs and have a detrimental impact on the most vulnerable in our communities. With rising numbers of individuals experiencing homelessness we need to do everything we can to help people get into housing and stay housed. Affordable utility prices are essential to their success.”

“At a time when Californians are concerned with affordability and the high cost of living, which includes the struggles faced by the families of many of our Club members, we hope policymakers will focus on cost-effective and affordable ways of achieving GHG emissions reductions,” said Mike Lansing, executive director, Boys and Girls Clubs of the Los Angeles Harbor.

“Residents like using gas for cooking and home heating, and it’s also the lowest bill. I am concerned that by switching to electric, more families will have to choose between putting food on the table or paying a higher electric bill,” said Andy Molina, Executive Director, Southeast Churches Service Center.

“Adopting a balanced approach to de-carbonization is critical to our most vulnerable segment of the population—the working poor, who already struggle with many socioeconomic barriers, including affordable housing, unemployment, access to healthcare, etc,” asserted Erin Pak, CEO of Kheir Community Clinic, a nonprofit Federally Qualified Health Center that provides free and low-cost healthcare services, regardless of an individual’s ability to pay. “Ensuring a pathway to affordable energy options without the costs being passed on to the working poor by their landlords and employers is imperative to raising the quality of life and our environment for all Californians.”

“As a developer of housing from emergency shelters to permanent supportive housing to end homelessness it is critical that we utilize all options for energy as we work on these vital assets in our community,” said Scott Larson, executive director for HomeAid Orange County. Each development is different and it is critical that each one is affordable to not only build in its initial costs but to operate and remain sustainable in the future.”

“Many of the families we serve are a paycheck away from homelessness. At a time when every Californian is concerned with affordability, we should continue the use of natural gas in homes in order to provide energy in the most cost-effective manner, said Nicole Suydam, CEO Second Harvest Food Bank Orange County. We firmly believe that California needs a balanced energy strategy that utilizes every resource available.”

Increasing the amount of renewable natural gas, as the state has done with electricity, is already part of state climate legislation and regulation. Senate Bill 1383 requires 40 percent methane capture from California’s waste streams -- from sewage treatment, and landfills, and agriculture, and dairies. Estimates by researchers at the University of California, Davis suggest more than 20 percent of California’s current residential natural gas use can be provided by renewable gas made from the state’s existing organic waste.

For more information on renewable natural gas, click [here](#).

###

About SoCalGas

Headquartered in Los Angeles, SoCalGas® is the largest natural gas distribution utility in the United States. SoCalGas delivers affordable, reliable, clean and increasingly renewable natural gas service to 21.7 million customers across 22,000 square miles of Central and Southern California, where more than 90 percent of residents use natural gas for heating, hot water, cooking, drying clothes or other uses. Natural gas delivered through the company’s pipelines also plays a key role in providing electricity to Californians—about 60 percent of electric power generated in the state comes from gas-fired power plants.

SoCalGas is committed to investing in its natural gas system infrastructure, while keeping bills affordable for our customers. From 2013 through 2017, the company spent nearly \$6 billion to upgrade and modernize its natural gas system to enhance safety and reliability. The company is also committed to being a leader in the region’s clean energy future, and is working to accelerate the use of renewable natural gas from dairy farms, landfills and wastewater treatment plants and the development of renewable energy storage technologies. SoCalGas is a subsidiary of Sempra Energy (NYSE: SRE), a Fortune 500 energy services holding company based in San Diego. For more information visit socialgas.com/newsroom or connect with SoCalGas on Twitter (@SoCalGas), Instagram (@SoCalGas) and Facebook.