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SoCalGas Letter to CPUC re: Disadvantaged Communities Advisory Committee Structure and Framework

Additional submitted attachment is included below.



A  Sempra Energy utility

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August 15, 2017

California Public Utilities Commission
Alice Glasner
505 Van Ness Avenue
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Subject: Southern California Gas Company Comments on California Public Utilities Commission/California Energy Commission Joint Staff Draft Proposal: Senate Bill 350 Disadvantaged Communities Advisory Group Structure and Framework

Dear Commissioners:

Southern California Gas Company (SoCalGas) commends the leadership of the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) in their efforts to create the Disadvantaged Communities Advisory Group (DACAG), as required under Senate Bill (SB) 350 (Chapter 547, Statutes of 2016). SoCalGas appreciates the opportunity to provide responses to the CPUC/CEC Joint Staff Draft Proposal: SB 350 Disadvantaged Communities Advisory Group Structure and Framework (Draft Proposal). We have limited our comments to only those questions on which we have an opinion; SoCalGas does not have an opinion on any of the proposed questions not included herein.

SoCalGas supports opportunities for disadvantaged communities

Clean air and clean energy are priorities for SoCalGas, which is why we are committed to providing low-cost and low-emission natural gas to disadvantaged communities throughout our service territory. Poor air quality disproportionately impacts California's disadvantaged communities. SB 350 therefore represents a significant opportunity to benefit these communities by reducing emissions of air pollutants and promoting the increased use of energy efficiency programs and renewable energy sources, including renewable gas.

SoCalGas has a longstanding commitment to serve low-income customers and disadvantaged communities with programs to keep energy affordable for all customers. Working with culturally and ethnically diverse business owners is not just an integral part of SoCalGas' corporate strategy, but doing so also aids our suppliers and local communities. SoCalGas designs ways to overcome physical barriers to reach our customers. For example, we are currently partnering with the City of South Gate to pilot an innovative project targeting low-income communities that cannot qualify for the Energy Savings Assistance (ESA) Program.

Question # 1. In what ways should the Straw Proposal be modified to better align with the mandates of SB 350, including PU Code 400, PU Code 454.52(a)(1), PU Code 740.8, and PU Code 740.12(a)(1) and other mandates related to disadvantaged communities?

SB 350 and California Public Utilities Code section 740.12(a)(1)(C) state that the increased use of both zero emission and near-zero emission vehicles in disadvantaged communities is necessary to “enhance air quality, lower greenhouse gas emissions, and promote overall benefits to those communities.” Since *both* zero emission and near-zero emission vehicles provide public health and societal benefits, increasing access to multiple technologies and fuels in disadvantaged communities is desirable and required under SB 350. Therefore, the Draft Proposal should *not* limit the transportation topics under the list of subject areas to “transportation electrification,” and instead should also include near-zero emission and low-carbon-fueled transportation.

Question #3. Are there specific programs and policy areas related to SB 350 which the Disadvantaged Communities Advisory Group should focus on? If so, please name.

With the large number of proposed programs related to the implementation of SB 350, SoCalGas believes the DACAG should prioritize review of programs and policies that can have the most immediate and positive impact for people living in disadvantaged communities. Mobile sources are the most significant source of smog-forming air pollutants across the State. In fact, they account for more than 80 percent of nitrogen oxides (NO_x) emissions and 90 percent of diesel particulate emissions.¹ Therefore, prioritizing review of the impact of transportation-related policies on disadvantaged communities could lead to greater benefits for those communities in the near-term. Additionally, the DACAG should focus on the economic and air quality benefits that distributed generation can provide to disadvantaged communities, especially those in rural areas of the state.

Question #4. In light of Disadvantaged Communities Advisory Group’s responsibility to review SB 350 programs, are there additional areas of knowledge or expertise that should be sought in candidates beyond those described on page three?

Please refer to SoCalGas’ response to Question #6.

¹ ARB’s Mobile Source Strategy, Exec. Summary p. 5, available at: <https://www.arb.ca.gov/planning/sip/2016sip/2016mobsrsrc.pdf>

Question #5. The Advisory Group may review technical information regarding proceedings and programs related to integrated resource planning, transportation electrification, and other clean energy technologies. Should prospective members be recruited who have an interest or background/experience in one or more of the following subject areas? Explain your response.

a. Clean energy technologies, such as distributed generation, energy efficiency, renewables, etc.

b. Transportation electrification;

c. Electric or Natural Gas resource planning;

d. Local economics (including job and training potential) with respect to clean energy development;

e. Air quality and related health impacts; or

f. Greenhouse gas and/or air pollutant controls from a technical or policy perspective.

We recommend the following edits and considerations:

- (c) Include members with expertise in electric **AND** natural gas resource planning
- (d) Expand local economics related to clean energy development to include local businesses, as they sustain small communities and should not be overlooked
- (f) Include a diversity of technical knowledge, not just expertise in electrification
- Exclude candidates from groups that are not knowledgeable of air quality and climate change issues, such as those focused only on water quality, composting, etc.

Additionally, we believe the agencies should seek members with knowledge of goods movement, heavy-duty vehicle technology, and renewable gas. As California implements additional programs to decarbonize the residential energy market, directing renewable gas to residential appliances can provide similar benefits at a comparable or lower cost than all-electric homes utilizing solar photovoltaic systems. Around 80 percent of California's methane emissions come from waste and agriculture, with dairies being the largest source.² By capturing and injecting methane produced from these resources into existing natural gas pipelines for use in the home, removes the need to electrify end uses, which would be costly to ratepayers. As 90 percent of homes in Southern California use natural gas, decarbonizing existing pipeline infrastructure with renewable gas is a more feasible greenhouse gas (GHG) reduction strategy than electrification, and promotes customer choice, energy diversity, and resilience for California's communities.

Question #6. Are there any other subject area backgrounds that the Commissions should seek out in prospective applicants?

The following is in response to Questions #4 and #6 in the Joint Staff Draft Proposal.

In addition to the expertise described on page 3, the CPUC and CEC should consider selecting representatives with knowledge of the following:

- The basics of air pollution, including expertise on mobile sources, stationary sources; the difference between GHG and criteria pollutant emissions and their effects; and National Ambient Air Quality Standards **and** their attainment deadlines for air basins within California;

² California Air Resources Board Short-Lived Climate Pollutant Reduction Strategy. (<https://www.arb.ca.gov/cc/inventory/slep/slep.htm>)

- The roles and responsibilities of regulatory agencies;
- Utility funding capacity/constraints and regulatory compliance obligations; and
- Clean transportation opportunities, including those for heavy-duty vehicles.

Regarding membership more generally, SoCalGas recommends the group truly reflect a diverse representation of California including, but not limited to, rural and urban communities, the Los Angeles region, and the San Joaquin Valley. The CPUC and CEC should also consider members from local city/county energy organizations, e.g., the SJV Clean Energy Organization. Additionally, we recommend the DACAG include a representative from each utility service territory.

Utility funding capacity/constraints

If the DACAG does not include investor-owned utility representatives, SoCalGas recommends that members should be required to take training on utility program orientation (i.e., “Utility 101”) so that they understand utility regulatory compliance obligations in SB 350 programs, as well as utility funding capacity/constraints. An overview on the roles and responsibilities of the regulatory agencies should also be provided. This training should be provided prior to the first DACAG meeting, and any new members appointed over the life of the DACAG should receive the orientation prior to participating in their first meeting. The orientation should be provided by the CPUC’s Energy Division.

Basics of air pollution

SoCalGas recommends that the DACAG should include representatives from air districts (South Coast Air Quality Management District, San Joaquin Valley Air Pollution Control District, and Bay Area Air Quality Management District) as well as the California Air Pollution Control Officers Association (CAPCOA).

The two largest regional air basins within SoCalGas service territory, South Coast and San Joaquin Valley, are classified as extreme non-attainment for ozone and must both achieve significant reductions in NO_x to attain National Ambient Air Quality Standards for ozone and particulate matter pursuant to the Federal Clean Air Act.³ San Joaquin Valley has the additional challenge of being in serious nonattainment for fine particulate matter standards. More than 85 percent of both regions’ NO_x emissions come from mobile sources.⁴ With heavy-duty diesel trucks as the single largest contributor to NO_x, the widespread deployment of zero emission and near-zero emission heavy-duty trucks is the single most impactful emission reduction strategy.⁵

Clean transportation opportunities, including those for heavy-duty vehicles

There are significant public health and societal benefits provided by natural gas vehicles that meet or exceed those offered by electric vehicles at a lower cost and are commercially available

³ SCAQMD Final 2016 AQMP, “Executive Summary”, page ES-1 to ES-2, SJVAPCD 2016 Plan for the 2008 8-Hour Ozone Standard, “Chapter 1”, pp. 1-6 and <https://www.regulations.gov/document?D=EPA-R09-OAR-2008-0467-0054>.

⁴ SCAQMD Final 2016 AQMP, “Executive Summary”, SJVAPCD 2016 Plan for the 2008 8-Hour Ozone Standard, “Executive Summary”, p. ES-5.

⁵ SCAQMD Final 2016 AQMP, “Chapter 3”, page 3-32, SJVAPCD 2016 Plan for the 2008 8-Hour Ozone Standard, “Executive Summary”, p. ES-6.

now, including reductions in petroleum usage, regional air pollution, and GHG emissions. As discussed above, the subject areas listed should include low-carbon fuel and near-zero transportation, in addition to transportation electrification. Including representatives in the DACAG that are knowledgeable about these issues and the opportunities would be appropriate.

Question #10. How can the work of the Disadvantaged Communities Advisory Group and the Low Income Oversight Board (LIOB) be best coordinated?

SoCalGas recommends that an LIOB board member have a seat on the DACAG. Most LIOB board members—by nature of their involvement in the State’s low-income issues—would meet the criteria for selection outlined in the Draft Proposal. Per SB 2 (Chapter 11, Statutes of 2001), the duties of an LIOB member includes monitoring and evaluating the implementation of all programs provided to low-income electricity and gas customers; assisting in the development and analysis of any assessments of low-income electricity and gas customer needs; encouraging collaboration between state and utility programs for low-income electricity and gas customers to maximize the leverage of state and federal energy efficiency funds to both lower the bills and increase the comfort of low-income customers; providing reports to the Legislature, as requested; and summarizing the assessments of need, audits, and analyses of program implementation. These responsibilities as an LIOB board member would create an important linkage between these two bodies, enabling a bi-directional reporting of issues of interest and assisting in informing their respective agendas.

Conclusion

SoCalGas appreciates the CEC and CPUC’s consideration of our reply and looks forward to continue working collaboratively with the CEC, CPUC, stakeholders, and other investor-owned utilities to address barriers affecting disadvantaged communities.

Sincerely,

/s/ Ronald van der Leeden

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Southern California Gas Company