

DOCKETED

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November 16, 2017

Ronald van der Leeden
Director, Regulatory Affairs
Southern California Gas Company
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

Dear Mr. van der Leeden,

I am requesting that Southern California Gas Company (SoCalGas) file a Tier II Advice Letter for a device-based demand response program by November 28, 2017, and launch that program immediately upon Energy Division's prompt approval of the Advice Letter.

The California Public Utilities Commission and the California Energy Commission are deeply concerned about the reliability of SoCalGas service this winter, as the presidents of both commissions expressed in a joint letter to SoCalGas on October 17, 2017. The letter outlines specific causes for concern including that three pipelines responsible for importing 42 percent of the natural gas import capacity into the Los Angeles region are out of service. As the letter states:

"We are concerned that SoCalGas will not be able to meet demand for core customers if there are high demand days in December 2017 or January 2018. There may also be problems on lower demand days and service to noncore customers appears to be at risk, including electric generators and refineries. Mitigation measures put into place to reduce the risk of natural gas curtailments after the leak at Aliso Canyon were effective in reducing demand and better managing noncore customers' utilization of the gas transmission system, but they may not be sufficient to mitigate the additional constraints on the system caused by the reduction in import capacity. Additional mitigation measures appear to be required."

It is my hope that a natural gas demand response program can contribute to mitigating any natural gas reliability issues in Southern California this winter – and continue to operate next winter (from December 1, 2018 through March 31, 2019) to support reliability. Please design this program based on the smart thermostat treatment group in the 2016-2017 Natural Gas Conservation Pilot Rebate Program, approved in Resolution G-3522 by the Commission on November 11, 2016. This treatment group pilot never had the opportunity to demonstrate its effectiveness last winter due to delays in its implementation.

Hence, SoCalGas should in its Advice Letter outline a program where it can dispatch tens of thousands of smart thermostats that are already installed at the customer premise through partnerships with major thermostat manufacturers and their vendors. Other program design elements should provide for:

- Several events per season with early morning and evening event periods through March 31;
- Thermostat set-point changes;
- Enrollment of as many smart thermostat customers as possible throughout the entire SoCalGas territory; and
- A 50% increase in the rebate amount from what was offered in the 2016-2017 pilot (e.g. from a total of \$50 (\$25 up front and \$25 at the end of the season) to a total of \$75) to facilitate enrollment and participation.

Ronald van der Leeden

November 16, 2017

Page 2

Major components of the Advice Letter (AL) should roughly follow AL 5035-G filed for the 2016-2017 pilot, and include:

- Explanation of the program design, enrollment expectations, geographic scope, rebate and incentive design, budget broken out by major categories such as incentives, and administration;
- Program terms, mechanics and other details that are particular to a thermostat manufacturer;
- Any updates to the memorandum account opened for the 2016-2017 pilot;
- High level evaluation plan and metrics; and
- A request to shorten the protest period to seven days per the discretion provided to the Energy Division director to expedite Advice Letters in GO96-B Rule 1.3.

Lastly it is our understanding that hot water heaters could be another potential source of natural gas demand response but that more research into their capabilities are needed. Please include in the AL a research proposal for hot water heaters so that they might be used in a demand response program for the winter of 2018-19.

If you have questions, contact Bruce Kaneshiro and Jean Lamming of my staff for assistance. Thank you for your prompt and thorough attention to this important matter.

Sincerely,



Edward Randolph
Director, Energy Division