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SoCalGas comment letter on CEC FPIP framework proposal

Additional submitted attachment is included below.

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https://efiling.energy.ca.gov/Ecomment/Ecomment.aspx?docketnumber=18-MISC-01

Re: Docket No. 18-MISC-01, Proposed Food Production Investment Program Framework

Dear Mr. Kootstra:

Southern California Gas Company (SoCalGas) appreciates the opportunity to provide input and comments on the California Energy Commission's (CEC) Proposed Food Production Investment Program (FPIP) Framework, for which a public workshop was conducted on February 16, 2018. SoCalGas also appreciates the invitation and opportunity to participate in the Food Processors' Working Group, led by the California Department of Food and Agriculture. SoCalGas is committed to helping California achieve its clean energy and climate goals, including assisting our customers in using natural gas efficiently. SoCalGas looks forward to continuing to work with both the CEC and the California Public Utilities Commission in supporting the responsible use of affordable natural gas.

SoCalGas' comments pertain to Eligibility, Project Types, and Funding in the proposed program overview as presented at the public workshop.

SoCalGas reviewed the list of potential technologies eligible for the FPIP, and provides the following additional projects/technologies that should be included in the FPIP:

- Combined Heat and Power
- Mechanical Cogeneration
- Anaerobic Digesters
- Process improvements such as more efficient use of steam downstream of steam boilers (steam management)
- Back Pressure Steam Turbines/Letdown Turbines
- Carbon dioxide (CO2) extraction projects at food producers when the extracted CO2 is used in agricultural food production.

SoCalGas requests that CEC clarify that FPIP funding is designated for stationary sources of greenhouse gas (GHG) emissions at food processors and not for GHG emission reductions from mobile sources used at such facilities that may be eligible under the California Air Resources Board's proposed Funding Agricultural Replacement Measures for Emissions Reductions program.

SoCalGas agrees that it is appropriate to create a category for facilities that are subject to AB 32 Cap and Trade emission obligations, although SoCalGas' notes that California's natural gas utilities also have Cap and Trade emission obligations on behalf of all other natural gas consumers who do not have individual obligations. SoCalGas also believes that it is important for the success of the FPIP that it leverage all available grant funds and utility rebates offerings. Specifically, SoCalGas has a comprehensive portfolio of energy efficiency, solar thermal, and other technology programs designed to help customers optimize their energy usage. These programs have a long-standing record of engaging with customers, including food processors. Participants in the FPIP program should seek to leverage such additional funds, where possible, to ensure the comprehensiveness of the FPIP program and utility customer's projects.

SoCalGas agrees with the workshop commenter who suggested that training/education help operators reduce fuel usage and thus reduce GHG emissions. The CEC should study this further for possible inclusion in future year funding cycles. SoCalGas believes that in future funding cycles, the FPIP should include some consideration for small businesses with high energy usage; possibly a carve out under Tier I for locally owned companies or those under a specific annual revenue amount.

SoCalGas believes further examination of the required Tier II versus Tier I match percent and justification for the low Tier II match percent seems in order when one considers the following example:

- Tier I project with $5 million in eligible costs – CEC award = $2.5 million and project match = $2.5 million
- Tier II project with $5 million in eligible costs – CEC award = $4.5 million and project match = $500,000.
- The Tier I project is required to contribute five times as much match for the same eligible project costs. Is the expectation that the GHG reductions from Tier II projects are going to be orders of magnitude greater than those from Tier I projects?

Thank you for consideration of SoCalGas' comments and please do not hesitate to contact me with any questions.

Darren Hanway

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