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Filer:	Raquel Kravitz
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MEDIA CONTACT

Christine Detz
(213) 244-2442

cdetz@semprautilities.com

NEWS RELEASE

SoCalGas Announces a Plan for a Broad, Inclusive, Integrated Approach to Help Achieve California's Ambitious Environmental Goals

New strategy would help keep energy affordable, develop long-term renewable energy storage, and promote rapid consumer adoption – builds on SoCalGas' goal to be cleanest natural gas utility in North America

LOS ANGELES, April 2, 2019 – [Southern California Gas Co.](http://www.socalgas.com) (SoCalGas) today released a broad, inclusive and integrated plan to help achieve California's ambitious environmental goals in a paper titled *California's Clean Energy Future: Imagine the Possibilities*. The plan embraces an all-of-the-above approach to fight climate change, keeps energy affordability as a key focus, calls for developing long-term renewable energy storage using existing infrastructure, and can aid in promoting rapid consumer adoption. The new strategy comes one month after SoCalGas announced its vision to be the cleanest natural gas utility in North America, delivering affordable and increasingly renewable energy to its customers. As part of that vision, SoCalGas committed to replace 20 percent of its traditional natural gas supply with renewable natural gas (RNG) by 2030.

"Achieving California's ambitious climate goals will require business leaders, non-governmental organizations, and policymakers to work together to re-imagine how California's energy infrastructure can operate as one, integrated system that maximizes emissions reductions and minimizes waste," said Bret Lane, SoCalGas chief executive officer. "Implementing a balanced approach that promotes advanced energy technologies will allow California to keep energy affordable and reliable and preserve consumer choice."

"We need to take an expedited, but Kaizen approach to combatting climate change. I welcome incorporating energy sources such as hydrogen and renewable natural gas into our energy infrastructure," said Duarte Mayor Pro Tem Sam Kang. "It would be irresponsible to legislate solely in favor of one technology over another and doing so could come at the expense of the innovation necessary for a carbon-neutral economy."

"It is important to remember that many Californians do not have the means to make the changes some are advocating for," said Andy Molina, president of the Southeast Churches Services Center. "SoCalGas has been a tremendous community partner as we work to ensure all our neighbors have clean and affordable energy in their homes and we welcome this new plan and look forward to continuing this work together."

"It is an honor for the CA Latino Leadership Institute to partner with SoCalGas in California's underserved communities building career pathways into energy including renewable, natural gas and electricity for high school youth," said Lisa Baca, executive director for the CA Latino Leadership Institute. "We welcome any plan that will help create good jobs and maintains affordable energy for all."

Keeping Energy Affordable

A cornerstone of this new clean energy strategy is SoCalGas' commitment to replace 20 percent of its traditional natural gas supply with renewable natural gas (RNG) by 2030. RNG is a renewable fuel produced from food waste, farms, landfills, and even sewer systems. It can rapidly cut greenhouse gas emissions (GHGs)

because it takes more climate pollution out of the air than it emits as an energy source. RNG is already helping eliminate emissions from trucks and buses and recently SoCalGas asked the California Public Utilities Commission (CPUC) for support to bring this renewable fuel to homes and businesses.

To kickstart the plan, SoCalGas will pursue regulatory authority to implement a broad renewable natural gas procurement program with a goal of replacing five percent of its natural gas supply with RNG by 2022. SoCalGas also recently filed a request with the CPUC to allow customers to purchase renewable natural gas for their homes. SoCalGas seeks to have CPUC approval of its voluntary program by the end of the year.

Research shows that replacing about 20 percent of California's traditional natural gas supply with RNG would lower emissions equal to retrofitting every building in the state to run on electric only energy and at a fraction of the cost. Using RNG in buildings can be two to three times less expensive than any all-electric strategy and does not require families or businesses to purchase new appliances or take on costly construction projects.

A 2016 law requires 40 percent of methane from California's landfills and farms to be captured, with provisions to deliver that energy to customers. This will bolster the supply of RNG that is already growing rapidly as cities and towns across the country look to divert organic waste from landfills. In California, scientists at the University of California, Davis estimate that the state's existing organic waste could produce enough RNG to meet the needs of 2.3 million homes.

Developing Long-term and Seasonal Renewable Energy Storage Using Existing Infrastructure

California already produces more renewable energy than residents and businesses can use on most days and reaching 100 percent renewable electricity isn't as simple as adding more solar panels and wind turbines. That's because there is a mismatch between when renewable energy is generated (during the day) and when people need it (around the clock). Without new solutions to long-term storage, by 2025, California is expected to waste enough renewable energy each year to power Los Angeles County for more than a month.

Advances in battery technology will help prevent some of this waste. However, batteries are most effective in managing short term demand for energy and are not well suited for long-term and seasonal energy storage. One example of a broad, inclusive view of energy is Hydrogen. Hydrogen is a zero-emissions energy resource that has the potential to provide the long-term and seasonal energy storage on a scale that batteries cannot.

One relatively new technology that can produce green hydrogen is called Power-to-Gas. It works by converting surplus solar and wind electricity into basic elements, including hydrogen that can be used as energy. Power-to-Gas technology has already been deployed at the University of California, Irvine where hydrogen produced from solar panels is being blended into the campus' natural gas system and stored for later use. Large scale Power-to-Gas projects are also underway across Europe including in the United Kingdom where researchers are set to begin blending up to 20 percent of hydrogen (by volume) with the normal gas supply in part of Keele University's gas network. The "Les Hauts de France", in France is another an ambitious Power-to-Gas project, that aims to build five 100 MW hydrogen production units over a five-year period.

Using this technology, SoCalGas' clean energy strategy describes how California's existing natural gas infrastructure could store significant amounts of renewable solar and wind power for months and address seasonal fluctuations in energy supply and demand.

Inspiring Consumer Adoption

Preserving choice, providing affordable options and minimizing disruption to people's daily lives are also important strategies outlined in the plan, to inspire rapid consumer adoption here and around the world. California emits less than one percent of global GHG emissions. To have a meaningful impact on climate

change, the state needs solutions that can be readily adopted by other states and countries. This includes examining the entire energy value chain, so emissions are not inadvertently transferred to other regions.

Carbon Capture and Utilization (CCU)

SoCalGas' strategy also calls for carbon dioxide (CO₂) released from industrial processes and power plants to be captured and recycled as a raw material to produce a variety of products. Using Power-to-Gas technology, these carbon emissions can also be combined with hydrogen to form renewable gas to fuel homes, businesses and vehicles.

CCU technology is advancing quickly and many companies around the world are already using it. One California-based company is making plastics from captured carbon instead of petroleum. A Canadian company is using carbon captured from power plants to make stronger concrete. And a German company uses waste CO₂ to make polymers. According to the Global CO₂ initiative, the market for products made from CO₂ could be more than \$800 billion and use 7 billion metric tons of CO₂ per year by 2030—the equivalent of approximately 15 percent of current annual global CO₂ emissions.

The plan released today calls on California to deploy every resource available to combat climate change, and specifically to:

- Use the full suite of energy options currently available, including wind, solar, batteries and traditional natural gas;
- Expand implementation of existing and nascent technologies such as renewable natural gas, Power-to-Gas, and carbon capture and utilization; and
- Foster policies that allow for the development of innovative technologies and new ideas because California cannot assume that all the energy solutions to achieve carbon neutrality are known and in existence today.

To read more about our vision for California's clean energy future, visit www.socalgas.com/vision.

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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 21.8 million customers across [24,000 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 [45 percent of electric power generated](#) in the state comes from gas-fired power plants.

SoCalGas' vision is to be the [cleanest natural gas utility in North America](#), delivering affordable and increasingly renewable energy to its customers. In support of that vision, SoCalGas is committed to replacing 20 percent of its traditional natural gas supply with renewable natural gas (RNG) by 2030. Renewable natural gas is made from waste created by dairy farms, landfills and wastewater treatment plants. SoCalGas is also committed to investing in its natural gas system infrastructure while keeping bills affordable for our customers. From 2014 through 2018, the company invested nearly \$6.5 billion to upgrade and modernize its natural gas system to enhance safety and reliability. SoCalGas is a subsidiary of [Sempra Energy](#) (NYSE: SRE), an energy services holding company based in San Diego. For more information visit socalgas.com/newsroom or connect with SoCalGas on [Twitter](#) (@SoCalGas), [Instagram](#) (@SoCalGas) and [Facebook](#).