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1 restricted low-income along with disparities in tenant income levels and varying property
2 characteristics such as number of units, number of buildings, equipment type, etc. Despite this
3 complexity, SoCalGas has developed programs and policies that ensure energy efficiency
4 measures are accessible to this market and that tenants receive the needed health, comfort, and
5 safety benefits they deserve. SoCalGas proposes a three-pronged approach that provides the
6 low-income MF market with program options that work together to meet the needs of both low-
7 income property owners and tenants.

8 Further, the Joint Parties’ testimony “recommends all Program
9 Administrators (“PAs”) offer one comprehensive multifamily program run
10 by one entity, with the property owner/manager deciding which offerings
11 make sense for them, and leveraging the existing ESA workforce
12 whenever appropriate. This program should be accessed through a single
13 portal to reduce administrative costs and simplify the process for property
14 owners and managers.”² SoCalGas’ three-pronged approach of providing
15 in-unit, common area, and whole building services, does provide property
16 owners the flexibility to determine the program elements best suited for
17 their needs and property characteristics. SoCalGas has demonstrated that
18 from past program implementation, in-unit and common area ESA
19 measures are best served by the Investor Owned Utilities’ (“IOUs”)
20 program. Further, SoCalGas has developed and successfully leveraged a
21 comprehensive contractor network along with the expertise to serve this
22 market segment with in-unit and common area measures (“CAM”),
23 respectively. SoCalGas has proposed, via the Commission’s direction, “a
24 Multifamily Whole Building Program (MFWB) designed and
25 implemented by one or more third parties who will, taken together, serve
26 all qualified prioritized populations in multifamily buildings identified in
27 application 141.”³ SoCalGas proposed in ESA testimony, that the
28 company’s MFWB is based on a focus of providing gas, electric and water
29 efficiency measures in whole building opportunities for both deed-
30 restricted and non-deed restricted properties. Specifically, situations
31 where a building owner is ready financially to undertake comprehensive
32 whole building deep retrofit projects that can benefit from in-unit and
33 common area measure upgrades and will include other energy and non-
34 energy related building retrofit opportunities. Addressing the whole
35 building comprehensively will allow a more focused approach on deeper
36 energy and water savings, improve cost effectiveness and provide for the

² Prepared Direct Testimony of Jeanne Clinton and Lara Ettenson on behalf of NCLC and NRDC at p. 8, finding 2.

³ Prepared Direct ESA Testimony of Mark Aguirre and Erin Brooks at p. 137.

1 health, comfort and safety of residents for this specific segment.
2 SoCalGas proposes that in instances where a building may require only in-
3 unit and/or common area measure upgrades and is not part of the whole
4 building deep retrofit, these projects would be addressed through
5 SoCalGas' contractor network of ESA program implementers instead of
6 through the MFWB program.⁴

7 In addition, the three-pronged approach to serving the multifamily market as proposed by
8 SoCalGas, is consistent with the Joint Parties' recommendation for a single portal for
9 multifamily property owners. A portal could assist with accessing energy efficiency upgrades to
10 in-unit dwellings only, common area measures only or through the MFWB , depending on a
11 property owner's specific circumstances and opportunity. SoCalGas in its ESA testimony agreed
12 to work with the other IOUs on the potential development of a statewide application portal.⁵

13 SoCalGas' MF proposal provides an effective means for property owners to select the
14 service offering that is most appropriate for their particular situation. If a property owner is
15 planning on undertaking a whole building upgrade including both energy and non-energy
16 upgrades, the MFWB program may be the best pathway to achieve their needs. On the other
17 hand, if a property owner does not have whole building upgrade opportunities or if their in-unit
18 or common area measures may have recently been addressed, the SoCalGas administered MF
19 offering through its network of ESA Program contractors would be most appropriate. SoCalGas
20 has gained experience through the current cycle in providing quality in-unit services and
21 delivering complex central system CAM projects to large and small MF properties. With the
22 addition of the MFWB program, SoCalGas' ESA Program is well-positioned to effectively meet
23 the varied needs of MF property owners across its service territory, in a streamlined fashion.

⁴ *Id.* at p. 138.

⁵ *Id.* at p. 141.

1 **III. COMMON AREA MEASURE OPPORTUNITIES THAT ARE NOT PART OF**
2 **MF WHOLE BUILDING UPGRADE PROJECTS SHOULD BE ADMINISTERED**
3 **AND IMPLEMENTED BY SOCALGAS**

4 In testimony, the Public Advocates Office (“Cal Advocates”) recommends that “the
5 Commission should cancel the common area measures (“CAM”) initiatives and shift the unspent
6 funds to the proposed MFWB programs.⁶ Cal Advocates states, “since the launch of CAM
7 initiatives, implementation has been slow due to unexpected delays in the project timelines.
8 Implementation challenges that delay project time include limited data for accurate MF property
9 targeting, difficulty identifying key decision makers such as building owners, inability to obtain
10 property owner authorization, and limiting eligibility to deed-restricted properties only.”⁷
11 SoCalGas recognizes that CAM is a highly complex and intricate process which created delays
12 in the initial onset of the initiative. However, SoCalGas has successfully penetrated this segment
13 and completed multiple projects during the current cycle. An example of this is that SoCalGas
14 served the largest Housing and Urban Development (HUD) property in the Western United
15 States by providing upgraded common area central space and hot water heater equipment, thus
16 impacting 1,100 units and thousands of tenants. Additionally, if it were not for the recent Covid-
17 19 pandemic, SoCalGas may have successfully spent the assigned program year budgets to CAM
18 projects. The impacts Covid-19 has caused include delays to project timelines, obtaining city
19 permits and equipment deliveries, etc.

20 SoCalGas would like to correct Cal Advocates’ statement above that the factors pointed
21 out which are causing delays are specific to SDG&E and other IOUs but not specifically related
22 to the efforts of SoCalGas’ CAM offering.⁸ The other factors identified in Cal Advocates’

⁶ Prepared Direct Testimony of Jenneille Hsu on behalf of Cal Advocates at p. 9.

⁷ *Id.* at p. 9.

⁸ Prepared Direct Testimony of Jenneille Hsu on behalf of Cal Advocates at p. 9.

1 testimony that were cited as causing delays are not true to SoCalGas; therefore, these factors do
2 not apply to SoCalGas. For example, “limited data for accurate multifamily property targeting”⁹
3 is a citation from San Diego Gas & Electric Company’s (“SDG&E”) testimony. The “difficulty
4 identifying key decision makers”¹⁰ is in reference to SCE’s testimony. Or the “inability to obtain
5 property owner authorization,” was once again pointing to SDG&E’s testimony.¹¹ As
6 aforementioned, these general characterizations may apply to other IOUs; however, SoCalGas
7 has not experienced these factors as part of its CAM implementation process.

8 Despite the initial delay ramping up, SoCalGas has effectively targeted property owners
9 and made inroads to the MF market through the MF CAM offering. As outlined in SoCalGas’
10 ESA testimony for the CAM implementation plan, SoCalGas initially focused on large property
11 owners and their respective property portfolios with numerous energy and non-energy benefit
12 opportunities. Large property owners were able to penetrate the market and identify the “low
13 hanging fruit.” Further, the Single Point of Contact (“SPOC”) has provided both low-income
14 and energy efficiency program offerings to such stakeholders as National Core,¹² Jamboree
15 Housing,¹³ Retirement Housing Foundation,¹⁴ Housing Authority of the City of Los Angeles,¹⁵

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² National Community Renaissance, also known as National CORE, is a U.S. non-profit community builder specializing in affordable, multifamily, mixed-income, senior, workforce and special needs housing - <https://nationalcore.org/>.

¹³ Jamboree Housing provides affordable housing for working families, seniors, veterans, formerly homeless, and those with special needs - <https://www.jamboreehousing.com/pages/about-affordable-housing-developer-mission>.

¹⁴ RHF provides housing and services to more than 22,500 older adults, low-income families, and persons with disabilities. - <https://www.rhf.org/who-we-are/>.

¹⁵ HACLA is committed to preserving, enhancing, and expanding deeply affordable housing and improving the quality of life for Angelenos with a focus on People, Place, and Pathways to Opportunity. - <http://www.hacla.org/aboutus>.

1 Los Angeles County Development Authority¹⁶ and the City of Palm Desert Housing Authority.¹⁷
2 By working with these organizations, key decision makers have direct access to numerous
3 properties, and once qualified, eligible projects are identified while the process of obtaining
4 authorization documentation is streamlined. SoCalGas does acknowledge that a focused MF
5 market such as Deed-Restricted housing may limit the opportunities within the MF low-income
6 market sector, therefore, SoCalGas has proposed options in this application to broaden outreach
7 and participation guidelines to non-deed restricted properties. It is important to highlight the
8 accomplishments that the SoCalGas CAM initiative has had regarding the MF market: over
9 3,000 units have been served and thousands of low-income families have been positively
10 impacted with increased health, comfort and safety. SoCalGas also continues to develop access
11 for smaller property owners to participate in CAM. SoCalGas is slated to completed 10 small
12 projects in 2020 that serve 15 or less units. Making CAM accessible to properties with various
13 characteristics is critical to the success and reach of CAM. SoCalGas has worked closely with
14 the Multifamily Working Group and the Commission’s Energy Division (“ED”) to ensure that all
15 eligible projects throughout the SoCalGas service territory can participate in CAM.

16 SoCalGas continues to support the need for a CAM offering. As demonstrated by
17 experience in delivering CAM in the 2017-2020 cycle, there are property owners with energy
18 efficiency opportunities that are limited to CAM, rather than a comprehensive whole-building
19 program. SoCalGas has proposed its three pathways to serve the MF segment (CAM, in-unit,
20 and MFWB) because each property is unique in its needs, and a customer should not be turned
21 away if they had previously participated in the in-unit ESA program, but now are in need of

¹⁶ The LACDA’s core pillars include affordable housing, and community and economic development - <https://wwwb.lacda.org/about-us>.

¹⁷ The Palm Desert Housing Authority (“PDHA”) operates over 1,100 affordable rental units. - <https://www.cityofpalmdesert.org/departments/housing>.

1 CAM intervention. SoCalGas appreciates Cal Advocates’ recommendation to fold CAM into
2 MFWB, but believes that there is a persistent need for a standalone CAM offering to continue to
3 target deep energy savings of MF properties.

4 **IV. SOCALGAS’ MULTIFAMILY WHOLE BUILDING PROGRAM SOLICITATION**
5 **PLAN PROVIDES SUFFICIENT GUIDANCE**

6 SoCalGas respectfully disagrees with the statement made in the prepared direct testimony
7 of the Joint Parties that “[t]he IOU applications do not provide strong guidance for the
8 forthcoming multifamily whole building program solicitation nor do they sufficiently lay out the
9 necessary best practices reflecting the policy, market research, and implementation studies of the
10 past dozen years.”¹⁸

11 As detailed more fully in SoCalGas’ ESA testimony, we provided sufficient guidance for
12 a MFWB program in accordance with the Commission’s definition of a third-party program
13 where the program is proposed, designed, implemented, and delivered by non-utility personnel.¹⁹
14 As the program design must come from the third-parties, SoCalGas intentionally did not include
15 MFWB program design details in the ESA application. Additionally, the MFWB solicitation
16 plan is consistent with the general Energy Efficiency (“EE”) third party program solicitation
17 process,²⁰ and outlines areas pertinent to the success of the solicitation process and outcome.
18 SoCalGas MFWB solicitation plan addresses the approach, support for the Procurement Review
19 Group (“PRG”), the timeline, budget, general scoring criteria, and looks for opportunities for
20 coordination with other IOUs on regional solicitations. The MFWB solicitation plan also

¹⁸ Prepared Direct Testimony of Jeanne Clinton and Lara Ettenson on behalf of NCLC and NRDC at p. 8, Finding 1.

¹⁹ Decision (“D”).19-06-002 (June 27, 2019) at p. 9.

²⁰ Prepared Direct ESA Testimony of Mark Aguirre and Erin Brook, Attachment A: SoCalGas ESA Program Third Party Multifamily Whole Building Solicitation Plan.

1 acknowledges the importance of widespread socializing effort required to ensure all applicable
2 potential bidders can participate in the solicitation process.²¹

3 Additionally, the Joint Parties’ direct testimony favored an independent evaluator (“IE”)
4 for the solicitation process.²² As addressed in the MFWB solicitation plan, SoCalGas proposes
5 to adopt a Low-Income Procurement Review Group (“LI PRG”) to ensure oversight and
6 transparency of the solicitation process. We do not recommend the use of an IE for a single
7 solicitation, as we believe that utilizing the LI PRG will be sufficient to ensure meaningful
8 oversight and input into the solicitation process, and review of third-party proposals.

9 The EE third-party solicitation process utilizes a pool of IEs, and due to the multiple
10 solicitations happening concurrently, an IE serves as a valuable resource for the PRG to leverage.
11 However, for a single solicitation for the MFWB program, we believe collaboration with the LI
12 PRG will sufficiently ensure a timely and fair procurement process for the MFWB program
13 solicitation, without the added expense of an IE. SoCalGas will convene a LI PRG made up of
14 non-financially interested parties, including representative(s) of the Energy Division. After
15 Commission approval of SoCalGas’s Low-Income Programs Application for program years
16 (“PY”) 2021-2026, SoCalGas will issue a notice to the A.19-11-006 service list informing all
17 interested qualified consumer representatives and non-market participants who do not have a
18 financial interest in the outcome of the MFWB solicitation, to apply to serve on SoCalGas’ LI
19 PRG.²³

²¹ *Id.*

²² Prepared Direct Testimony of Jeanne Clinton and Lara Ettenson on behalf of NCLC and NRDC at p. 8, Recommendation 1.

²³ *Id.*

1 **V. SINGLE POINT OF CONTACT ACTIVITIES FOR MULTIFAMILY**
2 **ACTIVITIES SHOULD REMAIN CLASSIFIED AS DIRECT**
3 **IMPLEMENTATION**

4 In its testimony, Cal Advocates states that “the Commission should order the Applicants
5 to categorize the MFWB third party implementation fees and single point of contact costs as
6 administrative costs.”²⁴ The categorization of these activities as administrative costs is
7 inconsistent with prior CPUC definitions. The CPUC has defined activities where “employees
8 who have direct interface with the customer (i.e., Account Executive, Engineers, Processors,
9 Inspectors, call center representatives)”²⁵ are categorized as Direct Implementation Activities.
10 Therefore, SoCalGas does not support the reclassification of the MFWB third party
11 implementation fees or the SPOC as an administrative cost.

12 Cal Advocates further argues that “re-categorizing the third-party implementation and
13 SPOC costs as below the line costs, the estimated administrative budget would increase.”²⁶
14 However, contrary to Cal Advocates’ testimony, prior Commission precedent clearly outlines the
15 costs associated with the third-party implementation, and SPOC costs are not administrative
16 costs but rather direct implementation costs. Therefore, by maintaining the current cost category,
17 there would be no increase to the administrative budget. As raised in the Prepared Direct
18 Testimony of Daniel Rendler, SoCalGas encourages the Commission to take a comprehensive
19 review of cost categories and issue standard guidance to clarify any differing interpretations such
20 as this.²⁷

²⁴ Prepared Direct Testimony of Jenneille Hsu on behalf of Cal Advocates at p. 2.

²⁵ D.09-09-047 at p. 50.

²⁶ Prepared Direct Testimony of Jenneille Hsu on behalf of Cal Advocates at p. 3.

²⁷ Prepared Direct Policy Testimony of Daniel Rendler at p. 11.

1 **VI. MOBILE HOMES SHOULD NOT BE DISPROPORTIONATELY PRIORITIZED**
2 **IN THE ESA PROGRAM AT THE EXPENSE OF SINGLE AND MULTIFAMILY**
3 **HOUSEHOLDS**

4 The Utility Reform Network’s (“TURN”) testimony addresses SoCalGas’s approach to
5 serving the mobile home segment, stating that “The Commission should require utilities to
6 immediately and more specifically target and collect data on the mobile home segment.”²⁸
7 SoCalGas has already taken significant steps towards collecting more data on the mobile home
8 residents in its service territory. Currently, most mobile home park customers are not a direct
9 customer of SoCalGas and are billed for their gas usage by their mobile home park management
10 (the mobile home park’s gas usage is billed for all the park residents through a master meter).
11 Those ‘sub-meters’ (owned by the mobile home park) are utilized by the mobile home park
12 management to register the gas usage of each mobile home park resident to determine their
13 individual gas usage. However, SoCalGas has undertaken a 10-Year Mobile Home Park Safety
14 Upgrade Program which would replace mobile home park owned sub-meters with SoCalGas
15 “advanced meters.”²⁹ By being metered directly by SoCalGas, these mobile home customers
16 will become direct customers of SoCalGas. This will make it easier for mobile home residents to
17 sign up for the ESA Program and allow SoCalGas to use its advanced metering to collect data on
18 mobile home residents currently unavailable through mobile home park management provided
19 sub-metering.

20 However, SoCalGas does recognize that data collection will not solve the most
21 significant challenges regarding installing measures and facilitating deeper energy savings for
22 ESA eligible mobile home customers. The study “The High Cost of Energy in Rural America:

²⁸ Prepared Direct Testimony of Alice Napoleon on behalf of TURN at p. 38.

²⁹ Application of Southern California Gas Company (U 904-G) for Approval to Extend the Mobile Home Park Utility Upgrade Program, May 5, 2017.

1 Household Energy Burden and Opportunities for Energy Efficiency” in TURN’s testimony³⁰ is
2 useful in the aggregate towards achieving a better understanding of the mobile home segment,
3 but does not warrant the specific systematic changes suggested by TURN in their testimony.

4 The current barriers in treating mobile homes and the ineffectiveness of the measures
5 suggested by TURN in their testimony are prohibitive in achieving any significant energy
6 savings being pursued by the IOUs and ED in the upcoming 2021-2026 program cycle).³¹ In
7 SoCalGas’ response to data request TURN-SOCALGAS-02, SoCalGas’ response identifies the
8 barriers towards treating mobile homes as:

- 9 • Permitting Challenges
 - 10 ○ Permitted Building - Permits for mobile homes are obtained through
 - 11 the state, which can be more challenging than the process to obtain
 - 12 permits through the county for single family homes.
 - 13 ○ Non-Permitted Building – The mobile home was placed on a parcel of
 - 14 land, often with another home, but was never legally established as a
 - 15 dwelling via the Department of Housing and Community Development
 - 16 (“HCD”) permitting process. These dwellings often are not
 - 17 individually metered, rather, they share a meter with another building
 - 18 on the lot. They may also have improper electrical and equipment
 - 19 grounding to support requirements for multiple measures (this is more
 - 20 prevalent in small towns and rural California).
- 21 • Resident Challenges
 - 22 ○ Trust levels tend to be lower at mobile home parks because of the
 - 23 large number of senior tenants who are often wary of scams. This
 - 24 increases the likelihood of an unwilling customer.
 - 25 ○ Takes time to build the necessary relationships with mobile home
 - 26 community managers and homeowners’ associations in order to gain
 - 27 access to the community.
 - 28 ○ Establishing Ownership – In many cases, the original owners have
 - 29 either abandoned the home or moved out and the home has been

³⁰ *The High Cost of Energy in Rural America: Household Energy Burden and Opportunities for Energy Efficiency* as referenced in Prepared Direct Testimony of Alice Napoleon on behalf of TURN at p. 38.

³¹ Prepared Direct Testimony of Alice Napoleon on behalf of TURN at p. 39.

1 transferred to someone else without formal documentation.
2 Alternatively, the home has been deemed unsuitable for occupancy by
3 HCD but someone still occupies the home (e.g., squatters). In any
4 case, by the time a weatherization program reaches them, the dwelling
5 has gone through multiple occupants who are not the legal owners and
6 the utility bill is not in their name.

- 7 • State-of-Decay – Many mobile homes have lacked proper upkeep and
8 maintenance. Since the original owners may not be present and occupants
9 may only be living there for a short period of time, the dwelling is not
10 maintained. Often extensive repair is required to mitigate infiltration
11 issues before weatherization can occur (more prevalent in small towns and
12 rural California).
- 13 • Water and Sewer Hazards – In instances where the home is a non-
14 permitted building, often the site lacks the approved water and sewer
15 hook-ups, posing a hazard that must be corrected before weatherization
16 can occur.
- 17 • Mobile Home Listed Appliances – Most appliances to be installed in
18 mobile homes must be listed for use in a mobile home. This poses a
19 challenge when creating and storing inventory as special products must be
20 in place specifically for mobile homes as they may not be able to use the
21 same inventory as site-built homes.³²

22 Additionally, SoCalGas’s response to TURN’s data request addresses the measures
23 suggested by TURN in their testimony. The response addresses each suggested measure
24 (currently not being offered) based on the measure’s lack of cost effectiveness and barriers in
25 installing the measures effectively. SoCalGas’s response to TURN-SOCALGAS-01 states:

- 26 • Belly Wraps/Belly Board - Offers minimal energy savings and is not cost
27 effective in California’s mild climate areas. The underside of the floor
28 joist is usually covered with a fibrous board, creating a cavity between the
29 floor and belly board. This cavity is often not insulated and prone to
30 animal infestation.
- 31 • Insulated Skirting – It is required that venting be installed on mobile home
32 skirting. Since venting is required, insulated skirting has shown minimal
33 energy savings in mild climate zones and is not cost effective. This
34 measure has been included in some weatherization programs in colder
35 climates but, the savings are still minimal.

³² See SoCalGas’ response to TURN-SoCalGas 01 (April 21, 2020).

- 1 • Wall Insulation - Difficult, labor intensive, and often requires an insulation
2 crew with training that specializes in installing mobile home wall
3 insulation. The wall cavity is typically narrower than site-built homes
4 making installing insulation challenging. The two most common
5 insulating techniques is blowing loose fill and packing with fiberglass
6 batts. Regardless of what insulation method is used, the dew point is
7 transferred to the interior wall which could result in a mold/mildew issue.
- 8 • Roof Insulation - Insulating mobile home roofs is more difficult and labor
9 intensive in comparison to a site-built home. Often requires an insulation
10 crew with training that specialized in mobile homes.
- 11 • Roof Cap – See roof insulation above. Roof caps are a layer of rigid
12 insulation over the existing roof, with additional insulation if space exists
13 between the ceiling and existing roof.³³

14 In their suggested actions regarding the ESA Program mobile home segment, TURN does
15 not address or offer a solution to barriers in treating mobile homes nor do they address the cost
16 ineffectiveness of the measures being suggested. Additionally, in the study referenced by TURN
17 in their testimony it indicates that manufactured homes typically consume less total energy (35%
18 less) than the site built homes.³⁴ Consequently, since manufactured (mobile) homes segment use
19 significantly less energy than site built homes, these dwellings (as a whole) will have
20 significantly less potential for deeper energy savings being pursued by the IOUs and ED in the
21 2021-2026 ESA program cycle and should not be disproportionately prioritized. Therefore,
22 SoCalGas believes its current approach of broadly addressing as many low-income housing types
23 as possible, including mobile homes, is a more effective approach to target ESA Program eligible
24 customers while also identifying customers with the most energy savings potential.

³³ See SoCalGas' response to TURN-SoCalGas02 (June 12, 2020).

³⁴ *The High Cost of Energy in Rural America: Household Energy Burden and Opportunities for Energy Efficiency* as referenced in Prepared Direct Testimony of Alice Napoleon on behalf of TURN at p. 38.

1 **VII. THE JOINT PARTIES' HEALTHY BUILDING MATERIALS PROPOSAL**
2 **SHOULD NOT BE ADOPTED THROUGH THE PRESCRIPTIVE APPROACH**
3 **OF A COMMISSION ORDER AND INSTEAD, SHOULD BE VETTED**
4 **THROUGH THE MID-CYCLE WORKING GROUP PROCESS**

5 The Joint Parties testimony proposed that healthier insulation and caulking/sealant
6 materials be required to be used in ESA Program retrofits, including recommendations related to
7 building materials, data collection, and relevant training needs associated with these healthier
8 materials and proposes that they be incorporated in the ESA Program Installation Standards
9 (“IS”) Manual. Furthermore, the Joint Parties testimony proposes “these actions should be
10 prioritized by the Commission in accordance with its Environmental and Social Justice Action
11 plan and included in the forthcoming decision regarding the PA’s applications on the 2021-2026
12 ESAP cycle.”³⁵

13 Although we support the use of healthy building materials, we do not support the
14 prescriptive approach of a Commission directive in its decision on the IOUs’ ESA Program
15 applications. The Commission has historically directed that updates to the IS Manual be taken
16 up by a Commission-established mid-cycle working group. In the current program cycle, the
17 midcycle working group proposed recommended updates to the IS Manual as directed in
18 Decision (“D.”) 17-12-009:

19 The mid-cycle Working Group should submit to the service list the
20 working group’s initial recommendations in each of the subject
21 areas outlined above, and schedule a workshop for vetting by the
22 public and/or interested stakeholders its proposed updates to the
23 reporting criteria and to the Statewide P&P and CA Installation
24 Standards Manuals.³⁶

25 This process has been very effective for SoCalGas as a collaborative forum that includes
26 stakeholders, IOUs, and ED to address important updates to the IS Manual, among other things.

³⁵ Prepared Direct Testimony of Veena Singla on behalf of the Joint Parties at p. 16.

³⁶ D.17-12-009, Conclusion of Law (“COL”) 102, at p. 435.

1 We recommend that this practice continue in the PY 2021-2026 program cycle and that the
2 recommendations made by Joint Parties in its testimony relative to healthy building materials be
3 addressed as part of the mid-cycle working group process.

4 **VIII. SOCALGAS DOES NOT SUPPORT ESTABLISHING A THRESHOLD FOR**
5 **ESACET NOR THE RETIREMENT OF ANY MEASURES WITH ESACET**
6 **SCORES BELOW 0.30**

7 SoCalGas does not support having a threshold for the ESA Program Cost Effectiveness
8 Test (“ESACET”), either at 1.0 or 0.75. Both Cal Advocates and TURN in testimony
9 recommends the Commission adopt an ESACET threshold of 1.0 for the portfolio of resource
10 measures.³⁷ In addition, the Joint Parties testimony recommends a threshold of 0.75 for all
11 measures.³⁸ By setting a threshold for the ESACET, the ESA Program must be designed to offer
12 limited measures that can meet the threshold, while discontinuing other measures that provide
13 important health, comfort, and safety benefits. Setting a threshold for the ESA Program overall,
14 or even for resource measures only, can have unintended consequences that can negatively
15 impact the customers’ health, comfort and safety. SoCalGas believes its ESA Program value is
16 evaluated based on its objectives and goals, which are to improve customers’ health, comfort and
17 safety, and simultaneously, to achieve deep energy savings through measures installed. A unique
18 aspect of the ESA Program is that there are many measures that provide energy efficiency
19 benefits as well as health comfort and safety benefits, but may be calculated as negative savings
20 when compared to the existing conditions baseline. For example, if a customer has a broken or
21 inoperable furnace, and SoCalGas replaces it with a high-efficiency version, it will necessarily
22 increase the energy usage from zero (the broken furnace) to the efficient energy consumption of

³⁷ Prepared Direct Testimony of Stanley Kuan and Alice Napoleon on behalf of Cal Advocates at pp. 1-23; TURN at p. 19.

³⁸ Prepared Direct Testimony of Mohit Chhabra on behalf of the Joint Parties at p. 11.

1 the new furnace, but will still be recorded as negative savings due to the increase. This new
2 furnace, however, in addition to being energy efficient, provides warmth to the customer, to
3 increase their health and comfort. A threshold for the ESACET at the measure level, or at the
4 program level, would prohibit valuable measures such as this from being offered.

5 An ESACET threshold cannot be a complete measurement of how successful the
6 program is at serving customers, as the scope of the ESA Program is ever-expanding. The ESA
7 Program serves low-income, vulnerable, hard-to-reach, and disadvantaged customers. It is a
8 sophisticated and challenging program that has unique characteristics especially in the SoCalGas
9 territory where striking a cost-effective balance is an ongoing exercise.

10 In addition, SoCalGas respectfully disagrees with Cal Advocates' testimony and
11 the recommendation of retiring resource measures with ESACET scores below 0.30 to
12 help achieve a threshold of 1.0.³⁹ Although SoCalGas did not propose resource measures
13 with ESACET values below 0.30 in its application, SoCalGas disagrees with Cal
14 Advocates. There was no specific analysis from Cal Advocates to justify the 0.30
15 threshold for the ESACET to determine whether a measure should remain in the program
16 or not. Resource measures, based on the Cost Effectiveness Working Group ("CEWG")
17 recommendations, are measures with energy savings value equal to or greater than 1
18 therm or 1 kilowatt hour (kWh). This definition does not represent what benefits the
19 customers receive or what improvements to living conditions the measures will bring.
20 Taking away measures with lower ESACET scores to either allocate to higher cost-
21 effective measures or refund back to ratepayers, as argued in Cal Advocates' testimony,
22 will disregard the needs that low-income customers have and may eliminate benefits that

³⁹ Prepared Direct Testimony of Stanley Kuan on behalf of Cal Advocates at pp. 1-28.

1 they deserve.⁴⁰ Similar to resource measures, non-resource measures are defined by the CEWG
2 recommendations, for the purpose of the Total Resource Cost (“TRC”) test only. It is not
3 intended to separate what measures the program should offer. SoCalGas’ ESA program design
4 was based on the needs of customers in its territory, and not to maximize the ESACET output.
5 Serving customer energy needs, as well as health, comfort, and safety, is of utmost importance
6 and confirmed in Public Utilities Code Section 451.

7 **IX. BUDGET OR SPENDING CAPS ON NON-RESOURCE MEASURES RUNS**
8 **COUNTER TO THE COMMISSION POLICY GOAL TO IMPROVE THE**
9 **HEALTH, COMFORT AND SAFETY OF LOW INCOME HOUSEHOLDS**

10 TURN’s testimony proposes that “Non-resource measures should either have a cap on the
11 budget or a cap on the spending per home, to ensure that a majority of ESA funds go towards
12 measures that reduce energy burden.”⁴¹ TURN goes on to state that “Measures that primarily
13 improve health comfort and safety and have no or little energy savings – that is, non-resource
14 measures – could be provided for special needs cases.”⁴² TURN does not elaborate on what
15 would constitute “special needs cases”. The Commission has given clear direction to utilities
16 regarding the importance of improving health, comfort and safety of household through the ESA
17 Program. In D.19-06-022, the Commission stated that the policy goals of the ESA Program are
18 to “...help low-income households: (1) conserve energy; (2) reduce energy costs; and (3)
19 improve health, comfort and safety.”⁴³ In addition, D.19-06-22 clarified its guidance to the IOUs
20 regarding their low-income applications for the 2021-2026 program cycle: “and encourage both
21 deeper energy savings and health, comfort and safety measures, the Commission has updated
22 Attachment A to create two quantitative goals per household: 1) average annual Resource

⁴⁰ Prepared Direct Testimony Stanley Kuan on behalf of Cal Advocates at p. 1-28.

⁴¹ Prepared Direct Testimony of Alice Napoleon on behalf of TURN at p. 28.

⁴² *Id.*

⁴³ D.19-06-022, Finding of Fact (“FOF”) 2 at p. 23.

1 measures energy savings per household; and 2) another quantitative goal to reflect the benefit to
2 customer’s health, comfort and safety resulting from Non-Resource measures.”⁴⁴

3 TURN provides support for its recommendation on budget or spending caps for health,
4 comfort and safety measures by presenting information on budget caps used by other
5 jurisdictions from an ACEEE study.⁴⁵ TURN misapplies the information in the study to ESA
6 Program health, comfort and safety measures like furnaces and water heaters. The caps
7 referenced in the study apply solely to “repairs or remediation to bring a home into a condition
8 suitable for energy upgrades” and not ESA Program health, comfort and safety measures.⁴⁶ The
9 type of ESA Program work that the cap applies to is similar to the minor home repairs that are
10 performed to support the installation of ESA Program measures, e.g., window repair or
11 replacement, door repair or replacement. The ESA Program has historically had its own Minor
12 Home Repair cap as referenced in the ESA Program Policy and Procedures Manual (“P&P”).⁴⁷
13 The caps that are applied by these other jurisdictions do not apply to measures classified as
14 health, comfort and safety measures in the ESA Program, e.g., furnace repair or replacement,
15 water heater repair or replacement.

16 In addition to conflicting with long established Commission policy, placing limitations on
17 health, comfort and safety measure installations through a cap could potentially leave the ESA
18 Program without the ability to address customers that do not have heat or hot water due to a non-
19 operational furnace or water heater. TURN argues that making this equipment operational
20 “could result in increases in energy burden for participants, increasing the risk that participants

⁴⁴ D.19-06-022 at pp. 22-23.

⁴⁵ ACEEE, Building Better Energy Efficiency Programs for Low-Income Households (March 2016) Report Number A1601, Table 4 at p. 20.

⁴⁶ *Id.*

⁴⁷ Statewide Energy Savings and Assistance Program 2017-2020 Cycle Policy and Procedures Manual at p. 42.

1 will lose access to utility services that are essential for health, comfort and safety.”⁴⁸ While it is
2 true that usage may increase, it is also true that the household would be eminently more habitable
3 with functioning hot water or heat. Furthermore, any increase in usage would be mitigated by
4 making the home more energy efficient through complementary ESA Program measures like
5 attic insulation, weatherization, minor home repair and smart thermostats. In proposing a cap, it
6 appears that TURN may not have carefully considered the critical importance of these measures
7 to address households without heat or hot water, which is consistent with one of the
8 Commission’s policy goals of improving the health, comfort and safety of low income
9 households.

10 **X. CHANGES TO THE ESACET METHODOLOGY FOR THE IOUS**

11 SoCalGas acknowledges the issue of misalignment of the Net Present Value (“NPV”) of
12 the cost-effectiveness test results and the Low-Income Public Purpose Test (“LIPPT”) results in
13 the ESACET calculation, submitted in SoCalGas’ Application for PY 2021-2026.

14 The ESACET is calculated using (1) the results produced by the Cost Effectiveness Tool
15 (“CET”) on the California Energy Data and Reporting System (“CEDARS”) website, and (2) the
16 results of the Non-Energy Benefits (“NEB”) from the LIPPT model. The NPV of the CET
17 results were calculated using year 2020 values, which was the only year available at the time of
18 filing, whereas the LIPPT results were calculated at program year values, 2021 to 2026, when the
19 application was filed in 2019.

20 On September 23, 2020, Pacific Gas & Electric (“PG&E”) on behalf of the IOUs, sent a
21 public notice to the A.19-11-003 service list, notifying the Commission that PG&E’s consultant
22 communicated an updated methodology to calculate the ESACET scores to align NPV

⁴⁸ Prepared Direct Testimony of Alice Napoleon on behalf of TURN at p. 28.

1 discounting going forward. This presents a change from the way the IOUs calculated the
2 ESACET data in their Applications filed on November 4, 2019. PG&E's consultant proposed
3 two options, Method 1 and Method 2, for revising the ESACET score. Both methods produce a
4 similar ratio result for all the IOUs; however, the dollars are represented in different years. The
5 dollar value of the benefits and costs (and thus the net benefits) will differ since they
6 represent either dollars in 2020 or dollars in 2021 through 2026.

7 Method 1 involves adjusting the NEB values in the LIPPT to 2020 NPV. This
8 method requires manual post-processing to align LIPPT NPV to that of the CET, which is
9 not a built-in LIPPT functionality. More importantly, the current LIPPT model has many
10 known flaws that are currently being discussed in the new NEB study. It will be replaced
11 after the study is complete at the end of 2020. Adjusting the NEB values in the LIPPT at
12 this time may not be relevant once the new NEB model is in place.

13 Method 2 involves running the CET last updated by the Commission in July of
14 2020 to PY NPV. This methodology was not available on the CEDARS website at the
15 time of the IOUs' application filing in November 2019 because the CET now includes
16 future years for discounting purposes as a result of D. 20-04-010.

1 SoCalGas recalculated the ESACET using both methods, resulting in the following
2 differences, presented in Table 1 below.

3 **Table 1. ESACET Methodology Updates**

	<i>Filed</i> <i>ESACET</i>	<i>Method 1</i>	<i>Method 2</i>
<i>2021</i>	0.57	0.54	0.54
<i>2022</i>	0.60	0.54	0.54
<i>2023</i>	0.64	0.54	0.55
<i>2024</i>	0.69	0.55	0.56
<i>2025</i>	0.74	0.57	0.58
<i>2026</i>	0.79	0.58	0.59
<i>Portfolio</i>	0.66	0.55	0.56

4 While the re-calculated results show lower ESACET scores for all program years, from
5 2021 to 2026, SoCalGas does not recommend making any adjustments to the proposed ESA
6 program design or measures offered, as the ESACET output did not drive SoCalGas' program
7 design at the outset. The ESACET is informational, and SoCalGas strives to offer the most cost-
8 effective portfolio, but as discussed in Section VIII, measures that may increase energy
9 consumption, but impact health, comfort, and safety, are also critical for the program.

10 The method used to calculate the ESACET scores in the application was applied
11 uniformly across all IOU applications, and is still useful for comparison purposes. The
12 information provided in Table 1 supplements the application, but does not modify the proposed
13 ESA program design.

14 **XI. CONCLUSION**

15 SoCalGas remains committed to serving the low-income community through cost
16 effective and innovative programs that save energy, reduce costs and improve the health, comfort
17 and safety of our low-income customers.

1 Based on significant support from intervenors and the responses to intervenor concerns set
2 forth above and in the rebuttal testimonies provided in this response, SoCalGas respectfully
3 requests the Commission approve the PY 2021–2026 ESA Program requests as stated in the
4 conclusion of this rebuttal testimony.