

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 24, 2012

Advice Letter 4301-G

Rasha Prince
Director - Regulatory Affairs
Southern California Gas Company
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

Re: Southern California Gas Company's (SoCalGas) Advice Letter 4301-G regarding elimination of existing 2010-2012 energy efficiency program (Multifamily Solar Pool Heating Program) dated November 23, 2011.

Dear Ms. Prince:

The Energy Division has determined that SoCalGas' Advice Letter (AL) 4301-G is in compliance with Decision (D.) 09-09-047 and is approved effective December 23, 2011.

In Decision (D.) 09-09-047 (page 310), the Commission required that no Energy Efficiency programs or sub-programs be eliminated except through the advice letter process. SoCalGas filed AL 4301-G to seek Commission approval for the elimination of its third party program, the Multi-Family Solar Pool Heating Program (Program) implemented by third party contractor, Energx Controls, Inc. (Energx).

On October 11, 2011, Energx requested in writing to SoCalGas that the Multi-Family Solar Pool Heating Program agreement be terminated due to concerns with the solar collectors and the viability of the overall Program in its current configuration. SoCalGas agreed to Energx's request and subsequently filed AL 4301-G.

On December 13, 2011, the California Solar Energy Industries Association (CalSEIA) filed a protest to AL 4301-G on the grounds that, while the Program as structured was untenable and "extremely difficult" to administer and implement, the Program should remain open to re-formulated program structures. In its December 20, 2011 reply to the CalSEIA protest, SoCalGas noted that the Program was nearing its final year of the approved cycle (2012). Therefore, it was increasingly unrealistic and improbable to re-solicit the Program request for proposal to new third party implementers.

The protest is rejected because it does not demonstrate that AL 4301-G is out of compliance with D. 09-09-047.

Ms. Rasha Prince
January 23, 2012
Page 2

SoCalGas' request to eliminate the Multi-Family Solar Pool Heating Program is approved and all remaining Program funds are to be redirected towards other successful third party Energy Efficiency programs.

Please contact Tory Francisco of the Energy Division staff at 415-703-2743 (tnf@cpuc.ca.gov) if you have any questions.

Sincerely,



Edward F. Randolph
Director, Energy Division

cc: Mignon Marks, California Solar Energy Industries Association (CalSEIA)



Rasha Prince
Director - Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.5141
Fax: 213.244.4957
RPrince@semprautilities.com

November 23, 2011

Advice No. 4301
(U 904 G)

Public Utilities Commission of the State of California

Subject: Elimination of Existing 2010-2012 Energy Efficiency Program

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) the elimination of its third party program, Multi-Family Solar Pool Heating Program.

Purpose

This filing requests Commission approval to eliminate its third party program, the Multi-Family Solar Pool Heating Program (Program) implemented by third party contractor, Energx Controls, Inc. (Energx). This filing also proposes that the balance remaining from the Program be made available to other successful third party programs that may need additional funds to continue until the end of the 2010-2012 program cycle.

Background

Pursuant to Decision (D.) 09-09-047, the Commission requires that no programs or sub-programs shall be eliminated except through the advice letter process.¹

SoCalGas' 2010-2012 Portfolio includes the Program offered by a third party contractor, Energx.² The Program was selected through the third party program bidding process which was overseen by the SoCalGas' Peer Review Group. This program was designed to encourage large apartment building owners and property managers to install solar pool heating systems for their swimming pools. The Program targeted the larger apartment complexes with swimming pools that are heated throughout the year. The Program's filed budget was \$2,415,308, with expected gross savings of 660,000 therms. As shown in Attachment B, a complete description of the Program is included in the 2010-2012 Energy Efficiency Programs Multi-Family Solar Program Implementation Plan. The current program progress is available in SoCalGas' regulatory monthly report available on <http://eega.cpuc.ca.gov/Main2010.aspx>.

¹ D.09-09-047, page 310.

² The program is filed as number 3667, #3P-Res04 – Multi-Family Solar Pool Heating.

SoCalGas and Energx entered into the program agreement in March 2010. In July of 2011, the Program was suspended due to issues with the language being used by the vendor in its agreements with customers. On October 11, 2011, Energx requested in writing that the program agreement be terminated due to concerns with the solar collectors and the viability of the Program in its current configuration. SoCalGas agreed to Energx's request and has extended the suspension of the Program pending approval of the elimination of the Program.

In D.05-01-055 it was mandated that 20% of SoCalGas' portfolio budget for the 2006-2008 program cycle be competitively bid by third party programs.³ Interim Order D.07-10-032 extended this requirement to the 2009-2011 program cycle.⁴ In order to remain in compliance with this 20% minimum third party requirement and avoid filing an advice letter if the allocation is expected to fall below 20%, SoCalGas proposes to use the remaining Program budget (estimated at \$2,090,000) for its other successful third party programs which would benefit from additional funds.

Protest

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the Commission, which is December 13, 2011. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas (mas@cpuc.ca.gov) and Honesto Gatchalian (inj@cpuc.ca.gov) of the Energy Division. A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-Mail: snewsom@semprautilities.com

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. This filing is consistent with D.09-09-047. SoCalGas respectfully requests that this filing be approved on December 23, 2011, which is 30 days after the date filed.

³ D.05-01-055, Section 5.2.1

⁴ D.07-10-032, Section 6.2

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes the interested parties in A.08-07-022, A.08-05-025, A.08-02-001, and A.11-05-018.

Rasha Prince
Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 4301

Subject of AL: Elimination of Existing 2010-2012 Energy Efficiency Program

Keywords (choose from CPUC listing): Agreement; Energy Efficiency

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.09-09-047

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 12/23/11

No. of tariff sheets: 0

Estimated system annual revenue effect (%): _____

Estimated system average rate effect (%): _____

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: None

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Southern California Gas Company
Attention: Sid Newsom
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
SNewsom@semprautilities.com**

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4301

(See Attached Service List)

ATTACHMENT B

Advice No. 4301

**2010-2012 Energy Efficiency Programs
Multi-Family Solar Pool Heating
Program Implementation Plan**

2010-2012 Energy Efficiency Programs Multi-Family Solar Pool Heating Program Implementation Plan

- 1) Program Name: Multi-Family Solar Pool Heating
Program ID Number: 3667
Program type: Third-Party Program
- 2) Projected Program Budget Table

Table 1¹

Program #	Main Program Name/Sub-Programs	Total Administrative Cost (Actual)	Total Marketing & Outreach (Actual)	TOTAL Direct Implementation	Integration Budget Allocated to Other Programs (if Applicable)	Total Budget By Program (Actual)
	Market Sector Programs					
	SCG 3rd Party - Multi-Family Solar Pool Heating					
3667	#3P-Res04 - Multifamily Solar Pool Heating	\$ 107,936	\$ 7,372	\$ 2,300,000	\$ -	\$ 2,415,308
	TOTAL:	\$ 107,936	\$ 7,372	\$ 2,300,000	\$ -	\$ 2,415,308

- 3) Projected Program Gross Impacts Table

Table 2

Program #	Main Program Name/Sub-Programs	2010-2012 Three-Year EE Program Gross kWh Savings	2010-2012 Three-Year EE Program Gross kW Savings	2010-2012 Three-Year EE Program Gross Therm Savings
	Market Sector Programs			
	SCG 3rd Party - Multi-Family Solar Pool Heating			
	#3P-Res04 - Multifamily Solar Pool Heating	0	0	660,000
	TOTAL:	0	0	660,000

- 4) Program Description

a) Describe program

The Multi Family Solar Pool Heating Program aims to encourage large apartment building owners, condominium and homeowners associations as well as property

¹ Definition of Table 1 Column Headings: Total Budget is the sum of all other columns presented here

Total Administrative Cost includes all Managerial and Clerical Labor, Human Resource Support and Development, Travel and Conference Fees, and General and Administrative Overhead (labor and materials).

Total Direct Implementation – includes all financial incentives used to promote participation in a program and the cost of all direct labor, installation and service labor, hardware and materials, and rebate processing and inspection used to promote participation in a program.

Total Marketing & Outreach includes all media buy costs and labor associated with marketing production.

Integrated Budget Allocated to Other Programs includes budget utilized to coordinate with other EE, DR, or DG programs.

Total Budget is the sum of all other columns presented here

Definition of Sub-Program: A “sub-program” of a program has a specific title; targets; budget; uses a unique delivery or marketing approach not used across the entire program; and for resource programs, has specific estimated savings and demand impacts.

2010-2012 Energy Efficiency Programs Multi-Family Solar Pool Heating Program Implementation Plan

managers to install solar pool heating system for their swimming pools or if it is not practical to do so, to replace their old pool water heaters with more efficient technologies. The program will be directed to the larger apartment complexes with swimming pools that are heated throughout the year.

The Program's Contractor has long experience in the multi family sector water and pool heating systems and has been in discussions with many of the mid-size and larger apartment management firms and owners and they have indicated their interest in participating in the program.

Key program elements shall include the following:

- Provide field evaluation of customer sites
- Conduct utility bill analysis & F-Chart analysis
- Provide customer with energy, carbon and economic analysis
- Develop a design standard for solar pool heating systems
- Establish solar collector metrics of performance with Florida Solar Energy Center data
- Establish acceptable solar collector models
- Establish acceptable replacement water heater models, sizes and efficiencies
- Review all system design and provide design assistance to installing subcontractor if necessary
- Standardize rebate amounts for various sizes of water heaters and solar collector areas
- Provide training seminars and hands on training to maintenance staff

Key program implementation strategies will include:

- Conduct field surveys of potential customers before proposing a program to the utilities. This requires investment in time and money that others are not doing.
- Identify the decision makers in the apartment building and speak directly with them.
- Conduct preliminary survey of the property to get estimates of annual savings and installation costs and indicate that the survey will be free of charge.
- Management understands that if such a program is proposed, the company will participate.
- Select the most qualified subcontractors for the program.
- Set up "best practice" standards for solar thermal system installation and pool heater replacement that must be followed by all subcontractors
- Conduct post installation surveys and inspections to determine that quality assurance is high

2010-2012 Energy Efficiency Programs Multi-Family Solar Pool Heating Program Implementation Plan

- Conduct follow up service visits to a random sample of sites to ensure that program reliability of savings is high.

b) List measures

There are two measures in this program: a solar pool heating system and a high efficiency (82%+ thermal efficiency) pool heater. The measures are mutually exclusive. The Program will install whichever measure is appropriate for the customer. However the primary goal is to market and install solar pool heating systems. Therefore this measure will be dominant and all activities such as site audits, marketing; market transformation and innovation will be centered on the primary measure.

Measure	Incentives (per unit)
Solar Pool Heating System	50% of installed price
High Efficiency Thermal Pool Heater	\$2,000

c) List non-incentive customer services

The Program will provide customer education on energy efficiency and will conduct surveys of the customer domestic and pool heating operation to determine other EE measures that can be recommended. These may include the following:

- Re-circulating pump control on the DHW loop;
- Re-insulation of piping with deteriorated insulation, and
- Evaluate hot water distribution system and identify remedial measures.

5) Program Rationale and Expected Outcome

a) Quantitative Baseline and Market Transformation Information – This section is not applicable

b) Market Transformation Information – This section is not applicable.

c) Market Barriers

The following table provides descriptions of the barriers that Program seeks to address and the solutions the Program proposes to overcome the barrier:

Barrier	Solution
---------	----------

2010-2012 Energy Efficiency Programs Multi-Family Solar Pool Heating Program Implementation Plan

Lack of consumer information about energy efficiency benefits	The Program will use direct customer contact to educate about the benefits of the energy efficient alternatives.
Lack of financing for energy efficiency improvements	Program will provide meaningful financial incentives to reduce first cost of more energy efficient measures.
Need for short paybacks	Incentives should substantially reduce payback periods.
Uncertainty over performance of energy efficient technologies	Target marketing, direct customer contact and educational campaigns will help to overcome customer uncertainties about technologies and effects on comfort levels.

d) Quantitative Program Targets

Table 3

Multi-Family Solar Pool Heating	Program Target by 2010	Program Target by 2011	Program Target by 2012
Solar Swimming Pool Heating Systems	20	60	70
Swimming Pool Heater Replacement	10	20	20

Note: Values presented in this table represent yearly targets.

e) Advancing Strategic Plan Goals and Objectives

This program supports the Strategic Plan in the following manner:

California Long Term Energy Efficiency Strategic Plan Goals and Strategies

Description	Strategic Plan Sector	Strategic Plan Goal	Strategic Plan Strategy
By implementing solar pool heaters the program is moving MF buildings toward ZNE.	Residential	Deliver integrated DSM Deliver Zero Net Energy New Homes By 2020.	1-1: Drive continual advances in technologies in the building envelope, including building materials and systems, construction methods, distributed generation, and building design.
The Program emphasizes DSM integration through promotion of solar and high efficiency gas water heaters.	DSM Integration and Coordination	Deliver integrated DSM options that include efficiency, demand response, energy management and self generation measures, through coordinated marketing and regulatory integration.	1-3: Develop integrated DSM programs across resources, including energy, water, and transportation.

6) Program Implementation

a. Statewide IOU Coordination:

2010-2012 Energy Efficiency Programs Multi-Family Solar Pool Heating Program Implementation Plan

- i. Program name
- ii. Program delivery mechanisms
- iii. Incentive levels
- iv. Marketing and outreach plans, e.g. research, target audience, collateral, delivery mechanisms.
- v. IOU program interactions with CEC, ARB, Air Quality Management Districts, local government programs, other government programs as applicable
- vi. Similar IOU and POU programs

This third-party program only operates within SoCalGas's service area. The Program is designed to support and complement SoCalGas's core program activities. If this Program shares common elements with the IOU's core programs, other third-party programs, or programs in other IOU service areas, SoCalGas and the Contractor will strive to coordinate the similar activities.

b. Program delivery and coordination:

- i. Emerging Technologies program
Program will coordinate with SoCalGas's Emerging Technologies program, Codes and Standards program, and Workforce Education & Training efforts. It is difficult to estimate when the market for solar pool or more energy efficient water heaters will be transformed.
- ii. Codes and Standards program
The knowledge and data gathered through the utility EM&V of this program will benefit the Codes and Standards activities within the California utilities. The Contractor will work with changes to building energy standards to potentially incorporate solar thermal swimming pool heaters elements.
- iii. WE&T efforts
This is a third-party program and does not use any new and emerging technology. However, the solar swimming pool heating industry is an underutilized technology in the marketplace.
- iv. Program-specific marketing and outreach efforts (provide budget)
The Program's marketing and outreach activities will be primarily centered on addressing the barriers to use of solar water heating. The market barriers to solar pool heating are many. Solar thermal domestic water heating, pool heating and space heating are still very expensive. However, in multifamily applications, there are some economies of scale especially in swimming pool heating because they are heated year round and it is an amenity often marketed by the property owners.

Marketers of solar pool heating have not yet figured out a successful marketing strategy to pique the interest of property owners in solar heating. The

2010-2012 Energy Efficiency Programs Multi-Family Solar Pool Heating Program Implementation Plan

traditional method of marketing such as small price discounts, pamphlet distribution and industry journal and newspaper advertisements are not successful because they are not targeted to the decision makers who are the corporate officers.

The Program will reduce the first cost by offering a substantial rebate, which should bring the simple payback down to less than 5 years for the system. In order to build awareness of the technologies and their benefits, the Contractor plans to develop marketing materials such as brochures that illustrate sample costs and savings, describe the technologies and their benefits, product availability and announcement of the program.

Key program marketing strategies can be summarized as follow:

- Conduct field surveys of potential customers before proposing a program to the utilities. This requires investment in time and money that others are not doing.
- Identify the decision makers in the apartment building and speak directly with them.
- Conduct preliminary survey of the property to get estimates of annual savings and installation costs and indicate that the survey will be free of charge.
- Select the most qualified subcontractors for the program.
- Set up “best practice” standards for solar thermal system installation and pool heater replacement that must be followed by all subcontractors
- Conduct post installation surveys and inspections with SoCalGas to determine that quality assurance is high
- Conduct follow up service visits to a random sample of sites to ensure that program reliability of savings is high.

v. Non-energy activities of program
Not applicable to this program.

vi. Non-IOU Programs
Not applicable to this program.

vii. CEC work on PIER
Not applicable to this program.

viii. CEC work on codes and standards
Not applicable to this program.

ix. Non-utility market initiatives
Not applicable to this program.

c. Best Practices

2010-2012 Energy Efficiency Programs Multi-Family Solar Pool Heating Program Implementation Plan

The Program will use industry standards and best practice methods in program design, delivery and measure installation. Specifically, the Program emulates program design best practices, including: understanding local market conditions and conducting sufficient market research. In addition, in terms of program management/project management the Program has clearly defined program management responsibilities to avoid confusion as to roles and responsibilities and uses well-qualified engineering staff.

In measure installation, the Program plans to follow industry standards and local and state codes and ordinances to ensure quality installation. This will be followed by thorough field inspection by competent persons to ensure that these standards and best practices are being followed by the installing subcontractors. Other solar industry best practices used will include the following:

- Building America Best Practice Series, Chapter on Solar Thermal Water Heating
- Collaboration for High Performance Schools (CHPS) Best Practice Manual (2002)
- Solar Rating and Certification Corporation (SRRC) installation standards

Program staff will also work with the customer to develop a customer education program for the renters through print matter, elevator announcement and website with energy efficiency tips regarding the DHW systems.

d. Innovation

The Program will use innovative marketing and delivery methods to implement the program. In addition, the Program is offering a fairly mature technology in solar pool heaters but its limited market penetration makes it innovative. The Contractor will design a targeted marketing program through print advertisements and program summary pamphlets to reach the apartment building owner/operator community and design targeted marketing program to major solar contractor and water heater/boiler installers in Southern California Gas Company (SoCalGas) service territory.

e. Integrated/Coordinated Demand Side Management

Although this program is not an Integrated Demand Side Management program, it will seek to identify other demand side management opportunities when on site.

f. Integration Across Resource Types (energy, water, air quality, etc):

This program is only focused on solar water heaters.

g. Pilots

The Program will not have any pilots.

h. EM&V

The utilities are proposing to work with the Energy Division to develop and submit a comprehensive EM&V Plan for 2010 - 2012 after the program implementation plans are filed. This will include process evaluations and other program-specific studies

**2010-2012 Energy Efficiency Programs
Multi-Family Solar Pool Heating
Program Implementation Plan**

within the context of broader utility and Energy Division studies. More detailed plans for process evaluation and other program-specific evaluation efforts cannot be developed until after the final program design is approved by the CPUC and in many cases after program implementation has begun, since plans need to be based on identified program design and implementation issues.

7) Diagram of Program

No specific program diagram for this third party program has been developed. Any program linkages are discussed in Section 6.

8) Program Logic Model

The third party is an implementation channel and is included in the appropriate market segment logic models. No specific logic model for this particular third party program has been developed.