

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Southern California Gas Company
GAS (Corp ID 904)
Status of Advice Letter 6014G
As of August 25, 2022

Subject: Southern California Gas Company 2022 Research Development and Demonstration Plan Submittal in Compliance with Ordering Paragraph 4 of Resolution G-3586

Division Assigned: Energy

Date Filed: 07-29-2022

Date to Calendar: 08-03-2022

Authorizing Documents: D1909051

Authorizing Documents: G-3586

Disposition:	Accepted
Effective Date:	08-28-2022

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

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PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov



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Director
Regulatory Affairs

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July 29, 2022

Advice No. 6014
(U 904 G)

Public Utilities Commission of the State of California

Subject: Southern California Gas Company 2022 Research Development and Demonstration Plan Submittal in Compliance with Ordering Paragraph 4 of Resolution G-3586

Purpose

Southern California Gas Company (SoCalGas) hereby submits for approval with the California Public Utilities Commission (Commission or CPUC) a Tier 2 Advice Letter (AL) pursuant to Ordering Paragraph (OP) 4 of Resolution (Res.) G-3586, dated March 17, 2022, concerning certain additional information requested by the Commission regarding SoCalGas's Research, Development, and Demonstration (RD&D) program.¹

Background

OP 4 of Res. G-3586 requires SoCalGas to submit a Tier 2 AL within 90 days of Res. G-3586's effective date with the following information:

- Provide detail about the 2022 RD&D administrative budget using the same administrative cost categories described in SoCalGas's 2021 Research Plan.
- Provide detail quantifying research funding allocations by research consortium, as well as project costs connected to each consortium.
- Develop, in consultation with Energy Division staff, a framework for collecting and reporting sufficient quantitative estimates of potential safety, reliability, operational efficiency, improved affordability, environmental-related benefits (including NOx and GHG emission reductions), benefits to underserved communities, and numeric targets or a specified numeric range of potential

¹ Decision 19-09-051 (September 26, 2019) (2019 GRC Decision) addresses the Test Year (TY) 2019 General Rate Cases (GRC) of San Diego Gas & Electric Company and SoCalGas.

benefits for projects. SoCalGas shall provide details of the framework to be considered with the approval of Energy Division staff including a scheduled progress update to be provided after the Tier 2 Advice Letter is submitted.

- Provide detail to Energy Division about the content and completion status of SoCalGas's RD&D Program Equity Engagement Plan if it has not been completed. If it has been completed, SoCalGas shall share the RD&D Program Equity Engagement Plan on relevant service lists related to natural gas and equity.

SoCalGas submits this Tier 2 AL to meet these requirements of OP 4 of Res. G-3586.

Discussion

1. *Provide detail about the 2022 RD&D administrative budget using the same administrative cost categories described in SoCalGas's 2021 Research Plan.*

In the table below, SoCalGas provides the administrative budget using the cost categories described in the 2021 Research Plan. SoCalGas's administrative budget of \$1,649,400 is 10 percent of its RD&D budget as authorized in OP 2 of Res. G-3586.

Program Administration Budget Item	2022 Forecast
Management Labor	\$431,422
Administrative Labor	\$252,978
Compliance & Reporting	\$180,000
Program Planning & Workshop	\$155,000
Education & Outreach	\$305,000
Equity Engagement Program	\$125,000
Database & Website Improvements	\$200,000
Total	\$1,649,400

2. *Provide detail quantifying research funding allocations by research consortium, as well as project costs connected to each consortium.*

The breakdown for each Research Consortium is listed in the following tables:

Research Consortium	2022 Dues²	
	Total	Portion available for Project Allocation³
NYSEARCH	\$72,250	\$0

² Estimated dues. OTD dues offset by projects funded under the Senate Bill 1371 Leakage Abatement Program. PRCI dues are calculated annually based upon miles of pipe.

³ Estimated based upon historical trends.

OTD	\$606,564	\$550,564
PRCI	\$150,000	\$100,000
UTD	\$350,000	\$315,000

Research Consortium	Total Consortium-related Project Costs ⁴	
	Total SoCalGas Cost	Total Project Cost
NYSEARCH	\$1,084,997	\$12,160,469
OTD	\$1,891,604	\$41,392,874
PRCI	\$1,605,127	\$37,061,969
UTD	\$124,464	\$3,534,320

As a member of a research consortium, SoCalGas RD&D has the opportunity to assess a slate of potential projects and then allocate the dues paid among those projects that best serve the needs of SoCalGas's customers. The project selection and funding process is underway for the 2022 research year.

In most cases, the consortiums are still working with utility members to formulate proposals. SoCalGas RD&D will be selecting which new project proposals to fund throughout the remainder of 2022. SoCalGas's funding level is determined by the anticipated value that the project provides to SoCalGas customers and the level of funding provided by the other members of the consortium. For example, funding for OTD projects occurs in the spring and fall. OTD members are in the process of reviewing the first round of project proposals for 2022, and funded projects will commence after the end of July 2022.

3. *Develop, in consultation with Energy Division staff, a framework for collecting and reporting sufficient quantitative estimates of potential safety, reliability, operational efficiency, improved affordability, environmental-related benefits (including NOx and GHG emission reductions), benefits to underserved communities, and numeric targets or a specified numeric range of potential benefits for projects. SoCalGas shall provide details of the framework to be considered with the approval of Energy Division staff including a scheduled progress update to be provided after the Tier 2 Advice Letter is submitted.*

In consultation with and with substantial input from Energy Division staff, SoCalGas developed a set of Foundational Guidelines (see Attachment A) to guide the development of a Benefits Analysis Framework. With these Foundational Guidelines in mind, SoCalGas recognizes that additional research and development is needed in order to thoughtfully implement an appropriate Benefits Analysis Framework.

⁴ The total consortium-related project costs include all projects in 2022 including "continuing projects" (projects previously initiated and spanning multiple years) and projects that SoCalGas RD&D has committed funding for 2022 as of May 1, 2022.

SoCalGas will look into engaging an external consultant, or alternatively work in-house, to assist in determining key framework parameters and developing an implementation process for the framework. SoCalGas proposes to fund the initial consultant engagement with the authorized 2022 and 2023 RD&D Administration Budget. For example, the Foundational Guidelines (see Attachment A) refers to identifying projects “of a reasonable scale” and allocating benefits “judiciously.” SoCalGas and Energy Division Staff acknowledge that defining these terms will require additional research, literature review, industry baselining, and stakeholder outreach. To this end, SoCalGas proposes the following action items and estimated timeline, beginning after this AL’s approval date:

- Project Scope Development 1 Month
 - Determine costs and scope
- Consultant Selection Process⁵ 2 Months⁶
- Consultant Contracting & Onboarding 1-2 Months
- Consulting Engagement⁷ 3-6 Months
 - Energy Division Staff discussions
 - Potential discussion and coordination with Investor-Owned Utilities
 - May include stakeholder interviews, workshops, and/or education sessions
 - Stakeholder Engagement
- Framework Pilot Implementation 3 Months
- Pilot Implementation Assessment⁸ 2-3 Months
 - Present preliminary results to Energy Division Staff for feedback and guidance
 - May include stakeholder engagement for feedback
- Framework Implementation 3 Months
 - Update data management system to accommodate final process
 - Staff training and education
 - Review of programs for implementation
- Total Time to Implement 15-20 Months

SoCalGas will work closely with Energy Division Staff to collaborate on the framework development and implementation (and to satisfy reporting requirements envisioned by the Commission). This includes providing regular progress updates to Energy Division Staff throughout the consulting engagement and implementation process. SoCalGas will provide a progress update on the Benefits Framework as part of the 2023 Research Plan AL.

⁵ May include a formal Request for Proposal (RFP) process, direct outreach to potential consultants, or other pathways.

⁶ Timeframe based on input from SoCalGas’s Supply Management group.

⁷ Topics of discussion will include attribution, time horizons, project scale, project technology readiness level (TRL), metrics, and methods.

4. *Provide detail to Energy Division about the content and completion status of SoCalGas's RD&D Program Equity Engagement Plan if it has not been completed. If it has been completed, SoCalGas shall share the RD&D Program Equity Engagement Plan on relevant service lists related to natural gas and equity.*

To effectively engage with historically underserved communities, better understand their needs, and improve operational response to these needs, SoCalGas RD&D began development of a multi-year public-facing Equity Engagement Roadmap (Roadmap) in 2021. To develop this plan, SoCalGas RD&D has completed the following activities:

- Engaged with a woman- and veteran-owned consulting firm to help develop the Roadmap.
- Conducted a literature review of more than 50 Environmental and Social Justice (ESJ) documents, Non-Governmental Organization publications, and academic reports produced by federal, state, and local government, private industry, and utilities. Among these documents was the CPUC's ESJ Action Plan.
- Identified general themes and industry best practices.
- Developed three key themes for the Roadmap:
 - Obtain situational awareness
 - Increase community engagement
 - Institutionalize equity engagement
- Developed a draft plan with RD&D action items to address the key themes.
- Coordinated with the consulting firm to seek input from ESJ and Diversity, Equity, and Inclusion (DE&I) experts and incorporated feedback into the draft plan.
- Completed review of the draft plan with internal stakeholders including Regional Public Affairs, Diversity, Equity & Inclusion, Community Relations, and Supplier Diversity.
- In coordination with Regional Public Affairs, scheduled workshops in the third quarter of 2022 with community-based organizations to seek input on the draft plan.

SoCalGas RD&D anticipates finalizing the Roadmap and sharing it publicly with stakeholders in 2022.

Protests

Anyone may protest this AL 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 submitted electronically and must be received within 20 days after the date of this AL, which is August 18, 2022. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this AL should also be sent electronically to the attention of:

Attn: Gary Lenart
Regulatory Tariff Manager
E-mail: GLenart@socalgas.com
E-mail: Tariffs@socalgas.com

Effective Date

SoCalGas asserts this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this submittal become effective August 28, 2022, which is 30 calendar days after the date submitted.

Notice

A copy of this AL is being sent to SoCalGas's GO 96-B service list and the Commission's service lists in A.17-10-007 and A.17-10-008. Address change requests to the GO 96-B service list should be directed via e-mail to Tariffs@socalgas.com or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via e-mail at Process_office@cpuc.ca.gov.

/s/ Joseph Mock
Joseph Mock
Director – Regulatory Affairs

Attachment



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

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:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ATTACHMENT A

Advice No. 6014

**SoCalGas RD&D Benefits Analysis Framework:
Foundational Guidelines**

SoCalGas RD&D Benefits Analysis Framework: Foundational Guidelines

Purpose

- The guiding principle of the SoCalGas Research, Development & Demonstration (RD&D) Program is to identify and support innovative technologies and research activities that offer a reasonable probability of providing Ratepayer Benefits (as defined below).
- The RD&D benefits analysis framework (Framework) should aim to provide stakeholders with a uniform methodology to quantify the estimated current or potential Ratepayer Benefits that could be realized from the implementation or commercialization of funded RD&D Projects to the extent possible.

Definitions

- Ratepayer Benefits:
 - Are defined as: 1) Reduced Greenhouse Gas Emissions, 2) Improved Air Quality, 3) Public and Employee Safety, 4) Improved Affordability, 5) Operational Efficiency; and 6) Reliability.¹
 - Notwithstanding the Ratepayer Benefits defined above, additional metrics that demonstrate the value of the RD&D program may include RD&D co-funding leverage ratio, Project follow-on funding raised, Project patents issued, Project environmental, economic, social impact on Disadvantaged Communities,² and other benefits.
- Project: Subject to the constraints below, a Project is the fundamental unit of the RD&D program. A Project has a start date, an end date, a budget, a team of researchers, a stated objective, and progress milestones. A Project should offer a reasonable probability of providing Ratepayer Benefits.

Overarching Principles

- Addressing California's energy and climate goals and ensuring access to safe, reliable, and affordable energy to all Californians requires the undertaking of RD&D activities across a broad range of technologies and applications.
- Each stand-alone RD&D Project should offer a reasonable probability of providing at least one Ratepayer Benefit, and expenditures on projects that have a low probability of providing at least one Ratepayer Benefits should be minimized.³
- Individual Projects should estimate potential Ratepayer Benefits at both the onset and at the conclusion of the Project.
- For those Projects that appear to have a viable pathway to deployment or commercialization, Ratepayer Benefits should be estimated at appropriate time horizons.
- To understand the forecasted impact of RD&D activities and inform continuance or modification to the strategic direction or objectives, the RD&D Program should compile the estimated current and future Ratepayer Benefits of the Projects in a way that communicates the information to stakeholders.

¹ Pub. Util. Code § 740.1(e).

² <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/disadvantaged-communities>.

³ Pub. Util. Code § 740.1(a) and (b).

SoCalGas RD&D Benefits Analysis Framework: Foundational Guidelines

Constraints

- Quantitative reporting requirements will add material cost to the Project and could unduly burden smaller projects. Only projects of a reasonable scale will be requested to complete the benefits quantification estimates.
- Some projects are exploratory in nature—meaning the intended outcome is to identify technologies that would have quantified benefits. As such, projects identified as Technology Readiness Level (TRL) 1-3 or classified as discovery or basic science may be considered exempt.
- Because this quantification is in its infancy, unexpected challenges and consequences from this measurement will likely occur.

Attribution

- Ratepayer Benefits should be judiciously allocated to the Project participants considering funding provided, hours worked on the Project, in-kind contributions, and other factors, and should include adjustments for any pertinent qualitative considerations germane to the successful completion of the Project.

Methods

- The quantification method should use or adapt existing accepted methodologies where possible for efficient use of resources, time, cost, and effort. The methodology used to calculate Ratepayer Benefits should be grounded in theory.
- The accuracy of a Project's Ratepayer Benefits is dependent on the underlying assumptions and therefore the assumptions driving the forecasted Ratepayer Benefits must be clearly documented and include appropriate safe harbor statements. When available, assumptions should be based on publicly available data.
- Transparent methods are necessary to calculate a Project's estimated current and future Ratepayer Benefits. Methodologies used to calculate the estimated current and forecasted Ratepayer Benefits should be clearly defined such that a third-party could calculate and quantify the resulting Ratepayer Benefits independently.
- While market penetration assumptions may vary by innovation, the method by which these assumptions are arrived at should be consistent.

Metrics

- A list of Ratepayer Benefits (RD&D Metrics and other potential areas of measurement) including units of measurement will be established that are applicable to the SoCalGas RD&D program.
- Each Project will identify a single, primary Ratepayer Benefit for forecasting. Additional Ratepayer Benefits may be quantified if RD&D determines the value of additional analysis justifies the associated additional cost.
- When applicable and otherwise feasible, a Project should estimate the proportion of Ratepayer Benefits that benefit Disadvantaged Communities
- This benefits metrics list may be modified and updated based on new information, and when updated, applied consistently across all applicable Projects.

SoCalGas RD&D Benefits Analysis Framework: Foundational Guidelines

Iterative Process

- This document may be revised and clarified as the Framework is developed to achieve the goals and principles outlined above.