

BLUE FOLDER ITEM

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CITY COUNCIL MEETING OCTOBER 6, 2020

P.3. DISCUSSION AND CONSIDERATION OF ADOPTING A RESOLUTION SUPPORTING BALANCED ENERGY SOLUTIONS AND MAINTAINING LOCAL CONTROL OF ENERGY SOLUTIONS

**ADOPT BY TITLE ONLY RESOLUTION NO. CC-2010-071,
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
REDONDO BEACH, CALIFORNIA, SUPPORTING
BALANCED ENERGY SOLUTIONS AND MAINTAINING
LOCAL CONTROL OF ENERGY SOLUTIONS**

Information requested by Councilmember Horvath

How SoCalGas leveraged mayors and minority groups to score a fossil fuel win

By Colby Bermel

09/24/2020 07:57 PM EDT

SACRAMENTO — A state investigation into the country's largest natural gas utility is steadily piecing together details of how the company may have cloaked its advocacy by recruiting local politicians and minority groups to promote fossil fuels at California ports, according to people familiar with the probe and documents obtained by POLITICO.

Southern California Gas was already facing accusations of charging customers for its advocacy at the Los Angeles and Long Beach ports, which have long worked to reduce their air pollution. But public misrepresentations of campaign efforts may be against the law, and state utility watchdogs are examining whether SoCalGas acted unlawfully in its lobbying efforts as the company fights the state's transition away from oil and gas.

The Public Advocates Office, an independent branch of the California Public Utilities Commission, launched an investigation last year when it found SoCalGas spent ratepayer dollars to start a group opposed to cities phasing out or banning natural gas in new buildings. The company "is working to undermine state policy through lobbying and other efforts to misinform the public and encourage the continued usage of natural gas," the PAO wrote this summer.

The PAO probe has since widened to include other SoCalGas activities, including the company's relationship with Imprinta Communications Group, a public affairs firm focused on issues in minority communities.

Three years ago, SoCalGas and Imprinta recruited Latino and Asian American politicians to support natural gas-fueled "near-zero emission" trucks, rather than electric ones favored by environmentalists.

Newly obtained internal company emails show SoCalGas worked with Imprinta throughout 2017 to enlist politicians of color ahead of a key climate vote by the ports of Los Angeles and Long Beach, the busiest in the country, as they sought to reduce emissions from ships, trucks and other infrastructure.

The company ultimately scored a win as port officials exempted natural gas trucks from a fee levied on other trucks this year. Officials also allowed port users to meet stricter rules for new trucks in 2023 by buying natural gas vehicles, which environmentalists wanted to be banned entirely.

What investigators have uncovered so far suggests a well-coordinated operation by SoCalGas and Imprinta that involved writing gas-friendly remarks for politicians, making campaign contributions to those who delivered talking points and sending its own speakers to public meetings. If the PAO investigation concludes SoCalGas' actions were improper, the company could face sanctions.

A POLITICO review of hundreds of pages of the emails, campaign finance records and legal and regulatory filings found the following:

— Imprinta first helped SoCalGas start Californians For Balanced Energy Solutions, or C4BES, the group focused on natural gas bans in new buildings. It then created a campaign called Advanced Clean Trucks

Now Los Angeles — or ACT Now L.A. — which said the ports should endorse off-the-lot "near-zero" trucks over zero-emission vehicles.

— SoCalGas and Imprenta wrote a speech for then-Montebello Mayor Vivian Romero to give at an October 2017 press conference on near-zero trucks, according to email correspondence between the company and the PR firm. They also wrote a November 2017 op-ed under the names of Romero and two other elected officials — current South Gate Mayor Maria Davila and current San Gabriel Council Member Jason Pu — that ran in the Orange County Register one day before the ports vote.

— Two high-level SoCalGas employees, George Minter and Ken Chawkins, coordinated much of the utility's alleged ports campaign, emails show, and left the company earlier this year. Minter, Chawkins and former SoCalGas CEO Bret Lane, who retired in June, did not respond to requests for comment.

— The year after the ports' climate vote, according to campaign finance records, Romero received a \$300 contribution from SoCalGas parent company Sempra Energy, while Davila in 2019 received a \$250 contribution from Sempra. Romero also received \$500 in campaign contributions from Sempra from 2015 through 2016, plus \$127 in meals.

Romero said in an interview that the contributions and meals she accepted stemmed from her service as president of the Independent Cities Association, an organization that SoCalGas sponsored. "It's not transactional, it's relational," Romero said. "We walk a fine line."

"They would like to have access to the political leaders in any community. ... I'm sure they'd like to influence us more," she said of the company. "They want to influence, I want to be educated."

SoCalGas did not respond to questions about its involvement with minority groups and leaders who advocated for its "near-zero" trucks position. Instead, spokesperson Chris Gilbride only addressed the source of funds for advocacy efforts, saying the company has "established protocols to make sure lobbying costs are not paid by ratepayers."

A year after the ports campaign, Davila's city of South Gate was selected for a SoCalGas energy efficiency pilot program. A company employee involved with the ports effort appeared alongside South Gate officials for the announcement.

Davila, who said she was unaware of SoCalGas' involvement with ACT Now L.A., was asked by the campaign to speak in front of port commissioners at their November 2017 meeting "regarding clean air." "Of course," Davila recalled saying. "We need that."

Davila said she previously did not know the distinction between near-zero and zero-emission trucks. "I guess at the time I didn't do much of my homework on it, so I wasn't aware," she said.

'Connect the dots'

Pu, the San Gabriel council member, was part of a markedly different arrangement from the mayors he spoke alongside in 2017. After he spent more than \$24,000 on Imprenta services that year for his reelection campaign, the firm in ensuing years waived more than \$4,300 of those expenses as a legal gift, according to a Fair Political Practices Commission filing obtained through a public records request.

Pu also received \$500 in campaign contributions from employees of Imprenta and the Kaufman Legal Group, a law firm that worked with Imprenta on C4BES, the year before he was recruited for the ports campaign. One of the Imprenta-recruited minority groups later gave Pu \$388 in meals.

That group — the Asian Pacific American Leadership Foundation, or APALF — was founded by the CEO of Imprenta, Ronald Wong, who did not respond to requests for comment. One of APALF's programs is a political training "bootcamp" for Asian American candidates, many of whom now serve in the Legislature and other statewide positions.

"You've got the same entity [Imprenta] that SoCalGas has contracted with ... and now you see that same entity discounting political services for a politician who is furthering SoCalGas' agenda," said Matt Vespa, a staff attorney at environmental law firm Earthjustice. "It's not that hard to connect the dots."

An unrelated discrimination lawsuit filed against Wong by a former Imprenta employee in 2018 alleged that APALF and two other organizations "constituted an integrated enterprise and/or alter-ego of [Imprenta]," and that "at least" one of those other organizations "was used by Wong as a shell corporation to conduct business on behalf of customers who have conflicts of interest with or [who] would be perceived as unsavory by IMPRENTA customers." The former employee voluntarily dropped his suit five months after filing the complaint and could not be reached for comment.

Pu said Imprenta has done pro bono work for his campaigns, and the firm "just charged me for the hard costs ... we were able to get a discount from the printers and the mail houses for the 2017 campaign. That's why we got a reduction in the overall bill."

He also paid \$4,000 to Kaufman for its services during his 2017 run. Like Imprenta, Kaufman worked for the anti-electrification C4BES, according to an internal presentation obtained by POLITICO.

Pu said Imprenta did approach him to support the ACT Now L.A. campaign, but that he has independently supported reducing port emissions.

The council member said he did not know that SoCalGas was ultimately behind the ACT Now L.A. campaign. Although Pu supported near-zero trucks at the time in 2017, he said he now believes that electric trucks are "winning the battle" on technology and convenience.

One of the other groups recruited by Imprenta to write and speak in favor of near-zero trucks — the Salvadoran American Leadership and Educational Fund, or SALEF — received \$7,500 in charitable contributions from SoCalGas in 2018 and 2019, the two years following the company's win on the ports vote, according to CPUC disclosures. SALEF didn't respond to requests for comment.

A SoCalGas lobbyist served on the SALEF board when the group wrote to the ports. And four Imprenta employees, who didn't respond to requests for comment, said at a September 2017 public hearing that they were representatives of APALF, SALEF and other minority groups without disclosing their affiliation with Imprenta.

SoCalGas in at least one other instance received support from a clean air organization to which it has donated. BREATHE California of Los Angeles County, which promotes "clean air and healthy lungs," also wrote and spoke in support of near-zero emission trucks as part of the ACT Now L.A. campaign.

The organization received \$81,000 in SoCalGas charitable contributions from 2017 to 2019. The group also received an "environmental champion" award from SoCalGas last year.

BREATHE L.A. president Marc Carrel, who joined the organization one month after the ports vote, said the group is technology-neutral and supports any way for emissions to be reduced, including both near-zero and zero-emission trucks.

"We aren't taking that position because SoCalGas told us to," he said, adding that BREATHE L.A. also receives funding from Tesla, the University of California system and the South Coast Air Quality Management District.

Port of Los Angeles Vice President Ed Renwick said his vote for the climate plan was intended to support over a dozen technology-neutral strategies to reduce emissions, not specifically to favor natural gas.

"Was I swayed because a particular person with a particular title said something? The answer is 'no,'" he said. "The identity of the person or the person's elected status had no impact on my thinking. What mattered was the cogency of their argument."

He noted the argument that natural gas is cleaner than diesel, and how near-zero trucks "exist in quantity and are a lot cheaper than zero[-emission] trucks."

Commenting on the SoCalGas- and Imprenta-recruited politicians who spoke first in prime slots at the ports' decisive November 2017 meeting, Renwick said, "Transparency is exceedingly important, especially with public officials."

'Fast and loose'

The PAO probe of the utility has ramped up in recent months. The office subpoenaed SoCalGas' accounting software in May to see which of the company's financial accounts paid for political campaigns. A source familiar with the investigation said the PAO has already found evidence of costs being booked to customer accounts.

SoCalGas says that the financial source of the campaigns will be adjudicated in the utility's next rate case, when regulators determine whether ratepayers or shareholders pay for certain expenses. Its parent company, Sempra Energy, spent over \$1.6 million in state lobbying last year alone.

The source familiar with the PAO probe said SoCalGas has been uncooperative with the office's investigation, and the public advocates have asked regulators to impose a daily \$100,000 fine on the company for not complying with the accounting subpoena. Commissioners have not done so, and a state senator this month asked the agency to force SoCalGas to cooperate.

The company has moved money from ratepayer accounts to shareholder accounts belatedly, according to the source. As a result, the source said, the PAO has not been able to determine how much has been charged to ratepayer accounts. SoCalGas declined to provide specific responses to questions about the matter.

The company wrote in July to CPUC President Marybel Batjer asking for clarity surrounding if and how customer cash can be spent on advocacy. The company cites how the CPUC allowed the company to

collect \$1.5 million from customers last fall to pay for its projected 2019 "business strategy and development" expenses.

"Unfortunately, today there is a gray area in the CPUC advocacy rules — especially when it comes to local government and community advocacy — that should be clarified to improve transparency and promote greater public participation in energy policy decisions," Gilbride said. "That is why we have asked the Commission to open a formal proceeding to clarify its lobbying rules for all utilities."

CPUC spokesperson Terrie Prosper said that the agency "intends to issue a determination on the matter this fall." She didn't address written questions about the PAO's pending motion and the state senator's letter on escalating the investigation.

Vespa, the Earthjustice attorney, took a more cynical view of the SoCalGas letter to Batjer.

The PAO is "closing in," he said. SoCalGas "has been fast and loose with customer money to fight electrification policies for years, and frankly they need to be held accountable and liable for that. There needs to be consequences."

Here is a letter Culver City received from Diane Forte, Government Relations Manager for SCE on the same topic:

Dear Mayor Sahli-Wells, Councilmembers and Mr. Nachbar,

Southern California Edison is working to make it easier and more affordable for customers to adopt clean energy solutions that fit their lifestyle. But recently, a coalition has started approaching community leaders asking them to support a "balanced energy approach." We have serious concerns about the assertions made by Californians for Balanced Energy Solutions (C4BES) and their members. I want you to know I am a resource for you on energy issues and am happy to discuss what SCE is doing, answer your questions, and address your concerns. I ask that you to take caution if approached about this initiative and please give us the opportunity to discuss it with you before taking any action. SCE is not the only one concerned the actions of this coalition, rate payer advocate groups are too.

Electrification can decrease air pollution and potentially save money, when applied thoughtfully. This is why SCE is working with a diverse mix of stakeholders to promote a clean energy future. Unfortunately, there is a lot of misinformation being pushed about what California's clean energy future may look like. The truth is no one is trying to take away your existing gas stove, and SCE is certainly not calling for an immediate replacement of gas appliances. The only people stoking fear on this issue are SoCalGas and C4BES.

Based on consumer trends, we anticipate increased adoption of electricity over time for various gas appliances as they reach the end of their useful life. We are focused on space and water heating because they contribute 90% of climate emissions from residential buildings. We are working to achieve this by making it easier and more affordable for customers to choose electric solutions.

Today, customers face many obstacles if they want to transition their natural gas appliances to electric alternatives. SCE wants to work with a wide variety of stakeholders to increase the availability of clean, safe, affordable, and efficient options for electric space and water heating. Some customers will see value in going all-electric, including cooking, while others may not. That's okay.

While our plan is electric-led, it is certainly not electric-only. In fact, we support renewable natural gas to the extent that it can be sourced safely, cost-effectively, and accounted for properly. It should be applied to end-uses that are hard to electrify and are environmentally beneficial. However, it is a finite resource that cannot scale to meet California's needs. All of the potential RNG in the United States would provide less than half of California's current volume of natural gas. We need to have a realistic discussion about its potential.

C4BES was founded in part by fossil-fuel interests looking to slow the growth and deployment of clean energy technologies, but it does not offer any real solutions. Their stated policy principles and activities all clearly advocate for increased usage of methane products. This is most certainly not a balanced approach.

Below my signature are additional links to articles for reference. Thank you for taking the time to read this note. Again, I am always available to answer any questions and clarify energy issues from an Edison perspective. I look forward to speaking with you soon on this topic and answering all your questions.

Best regards,

Diane Forte
Government Relations Manager
SCE Local Public Affairs
310.310.5262

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OPINION

Healthier homes are within reach in Southern California



Sierra Club organizing manager Nidia Erceg, of Pasadena, yells Monday, Aug. 5, in protest as Californians for Balanced Energy Solutions and the Inland Empire Economic Partnership host a news conference in Riverside. (Photo by Jennifer Cappuccio Maher, Inland Valley Daily Bulletin/SCNG)

By **MEGHAN SAHLI WELLS** |

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As the mayor of Culver City, it is my job to put my constituents first – including hard-working families, children with asthma, the elderly, and frontline communities who disproportionately bear the burden of California's dependence on fossil fuels. I will never leave them behind, no matter who is putting pressure on me.

That's why I was deeply concerned when our city council was visited by SoCalGas at a meeting last Monday night. In a presentation, they urged our city to pass a resolution they wrote that seemed harmless enough, advocating for "balanced" energy solutions. But thanks to recent reporting that has revealed this effort as a "sleazy" campaign to keep fossil fuels flowing through California, Culver City won't be helping SoCalGas and their front group, Californians for Better Energy Solutions, mislead the public. Instead, we're standing up for our residents who deserve clean air, convenient access to renewable energy and healthy homes.

I was disappointed to read "Don't let state regulators limit energy choice in California" from fellow mayors in Diamond Bar, Rosemead and West Covina. These officials are repeating the same rhetoric and scare tactics we've seen from SoCalGas, a primary opponent to California's clean energy efforts. Even more worrisome is their factually inaccurate description of biomethane, or so-called "renewable" gas.

Every credible piece of research on biomethane shows that it simply is not a solution to the pollution that is produced from California's homes and buildings. The state's supply of biomethane is severely limited, and research shows it would be extraordinarily expensive to use it to power our buildings.

I know this first hand because in Culver City, we've been purchasing biomethane for our buses and trucks for close to two years and have come face to face with its limitations. Now that 94% of Culver City's residents, businesses, and all of our municipal operations are powered by 100% renewable energy (thanks to our membership in the Clean Power Alliance), a fossil-fuel-free future is truly within our reach. Our residents expect us to use the cleanest, most affordable viable technology that will lead us to zero emissions. That's why we're choosing to change course – moving from using RNG to 100 percent clean energy to power our vehicles and buildings.

For more than a century, Californians have had to live with pollution from fossil

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To help ensure these technologies reach everyone, Senate Bill 1477 was passed last year and signed into law to provide incentives to make clean heating technologies – such as electric heat pumps – available to all Californians. Far from limiting choice, the bill expands options for residents when they need to replace an old furnace or water heater, and 30 percent of the funds are earmarked for lower-income communities.

I am deeply concerned about the affordability crisis in California – but gas is not a solution to this problem. SoCalGas has requested a rate increase that will raise the price of gas 45 percent over the next three years – causing utility bills to spike. And it won't end there, research shows gas rates escalating for residential customers for decades to come in California, while electricity rates are expected to stay steady.

Electrification can help to shield everyone from the volatile prices of fossil fuels, and efficient appliances can help take a bite out of monthly energy bills as well. A recent study found that homeowners will save up to \$540 per year by choosing electric appliances, and that's before we account for the benefits of cleaner air. By electrifying California's building and vehicles, we can save more than \$108 billion each year by 2050, and more than 10,000 lives.

This means a lot to me – because I'm not just an elected official, I'm also a mother. And as a mom, I am aware that the decisions California makes today will impact our children for many years to come. We are striving to create the kind of communities where all children can thrive.

Burning gas in our homes can lead to air pollution that would be illegal if measured outside – and an alarming study recently showed that children living in a home with a gas stove have a 42 percent increased risk of asthma. But it doesn't have to be this way. Cleaner, healthier and more affordable homes are within our reach so long as our leaders choose to keep fighting for our interests, rather than pledging allegiance to fossil fuel companies.

Everyone in California deserves an affordable and healthy home – and that's why I support bringing clean energy appliance choices to all Californians.

Meghan Sahli-Wells is the mayor of Culver City.

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CLIMATE & ENVIRONMENT

California ditched coal. The gas company is worried it's next



A sign declares the boundary line of the Southern California Gas storage facility at Aliso Canyon. (Michael Owen Baker)

By SAMMY ROTH | STAFF WRITER

OCT. 22, 2019 | 6 AM



Every day, millions of Californians burn a planet-warming fossil fuel to cook dinner, stay warm or take a hot shower.

Persuading people to stop using that fuel, natural gas, is shaping up to be the next act in California's war on climate change.

And unlike the state's successful push to ditch coal — which mostly affected out-of-state mines and power plants, and was relatively painless for California residents and businesses — early efforts to phase out gas are already facing pushback from a powerful homegrown company.

Southern California Gas Co., which serves nearly 22 million people from the Central Valley to the U.S.-Mexico border, is determined to prevent a future without gas from coming to pass, even if it may not arrive for years or decades. The utility has begun a sweeping campaign to preserve the role of its pipelines in powering society — an outcome critics say would undermine California's efforts to fight climate change.

In city council chambers across Southern California, SoCalGas is working to convince local officials that policies aimed at replacing gas with electricity would be wildly unpopular. More than 100 cities and counties have endorsed the company's push for "balanced energy solutions" — a powerful base of support that it can use as leverage in the coming years as it fights potential laws and regulations that might diminish demand for its product.

Behind the scenes, the gas company has funded a self-styled grass-roots advocacy group pushing the same agenda. The company is also one of the funders of a national trade

group's pro-natural gas campaign, which includes a public relations blitz targeting millennials and support for Trump administration regulatory overhauls.

"I don't think anyone's as threatened by what we need to do to save the planet as SoCalGas," said Matt Vespa, an attorney with the nonprofit law firm Earthjustice, who has represented the Sierra Club in regulatory battles with the gas company.

In some ways, SoCalGas has no choice but to fight for self-preservation — it's a subsidiary of San Diego-based Sempra Energy, a publicly traded company with a fiduciary duty to serve shareholders. But it's also a legally sanctioned monopoly subject to oversight from California lawmakers and regulators, who expect the gas company and other investor-owned utilities to help the state achieve its climate change goals.

With those overseers in mind, the gas company argues that it's offering a solution to the climate crisis.

SoCalGas wants to use organic waste from dairy farms, landfills and sewage treatment plants to produce biomethane, also known as renewable gas. The Los Angeles-based company says it can solve two problems at once, limiting heat-trapping methane emissions from those facilities and reducing its own climate effects by replacing some of the natural gas in its system with renewable gas.

The utility is already injecting small amounts of renewable gas into its pipelines, and is working to add more.

"We have pipelines. We want them to be used and useful," SoCalGas executive George Minter said in an interview earlier this year.



An exposed section of Line 235, a SoCalGas pipeline that runs through the desert toward Los Angeles. (Brian van der Brug / Los Angeles Times)

Many clean energy advocates say renewable gas faces serious long-term hurdles. They see the substitute fuel as a dangerous dead end — a promotional ploy meant to distract Californians from the incompatibility of the gas company's business model with the need to eliminate planet-warming emissions.

For investors in the gas company's corporate parent, Sempra Energy, there's a lot of money on the line. Revenue from residential sales at SoCalGas was nearly \$2.3 billion in 2017, according to the American Gas Assn. — the second-most of any utility on the association's list, after Pacific Gas & Electric.

Battling electrification

A decade ago, some environmentalists saw gas as a “bridge fuel” that could help displace dirtier coal until renewable energy technologies improved. But now that solar and wind power are cheap and California has nearly vanquished coal, gas is becoming one of the state’s main climate battlefronts.

The fight could soon be playing out in living rooms and kitchens, where a growing number of activists and city officials hope to replace gas with electricity.

In July, Berkeley became the first city in the country to ban gas hookups in most new residential construction. Nearly a dozen other California cities, including San Jose and Santa Monica, have approved building codes this year incentivizing or requiring electric appliances in new buildings.

A Berkeley-style ban is being considered in San Francisco, and Los Angeles officials hope to start phasing gas out of buildings as part of Mayor Eric Garcetti’s Green New Deal.

Gas use in residential buildings

Space heating	44%
Water heating	23%
Clothes washing	11%
Dishwashing	7%
Cooking	7%
Clothes drying	4%
Pool heating	2%
Hot tub fuel	2%

Chart: Sammy Roth / Los Angeles Times • Source: California Energy Commission • Get the data

Natural gas is California’s largest electricity source, so switching buildings from gas to electricity doesn’t eliminate fossil fuels. But the electricity supply is getting cleaner as more solar and wind farms are built, prompting environmental groups to spend more time and money pushing building electrification.

“The gas industry is gearing up for these fights nationally. But the place where it’s already a live battle is in Southern California,” said David Pomerantz, executive director of the Energy and Policy Institute, a climate watchdog group that focuses on utilities and the fossil fuel industry.



Los Angeles Mayor Eric Garcetti, left, visits the Aliso Canyon gas storage facility with then-CEO Dennis Arriola of Southern California Gas Co. and the company's current chief executive, Bret Lane, right, on Dec. 2, 2015. (Irfan Khan / Los Angeles Times)

In the long run, Southern California Gas could see most of its legacy business disappear.

Policymakers have set statewide goals of carbon neutrality by 2045 and an 80% reduction in greenhouse gas emissions by 2050, relative to 1990 levels. Achieving those goals could leave little room for fossil natural gas use in heating and cooking — the bread and butter of the gas company’s business.

The consulting firm Energy and Environmental Economics presented research to state officials this summer finding that electrification is one of the cheapest ways to reduce climate pollution — and that widespread electrification could reduce gas use in residential buildings over 90% by mid-century.

Sempra acknowledged the risks in its latest annual financial report, writing that “legislators and stakeholder, advocacy and activist groups have expressed a desire to further limit or eliminate reliance on natural gas as an energy source by advocating increased use of renewable energy and electrification.”

Faced with growing support for electrification, SoCalGas is marshaling local governments to its cause.

The company is warning local officials that California will ban gas and force residents to pay thousands of dollars for electric appliances — unless they join the utility’s campaign against electrification. SoCalGas has made presentations to dozens of city councils, county commissions and local business groups over the last year, capitalizing on the pocketbook issue of energy bills, and on many politicians’ distaste for mandates from Sacramento.

Since February, at least 100 cities and four counties have approved similarly worded resolutions, originally drafted by SoCalGas, calling for “balanced energy solutions.” Many local governments have approved the resolutions unanimously, often with little or no public discussion, a Times analysis found.

A “model resolution” prepared by SoCalGas and provided to local officials warns that state policymakers “are increasingly proposing new legislation and regulations eliminating choice of energy by mandating technologies to power buildings.” It also declares that the city being asked to approve the resolution “opposes proposed state legislation and policy that eliminate local control by mandating technologies that can be used to power buildings.”



A sign warns of a SoCalGas pipeline running through the California desert toward the Los Angeles Basin. (Brian van der Brug/Los Angeles Times)

From 2015 through 2018, Sempra made campaign contributions to candidates for 28 of the city councils and county commissions that have passed “balanced energy” resolutions, The Times found — part of \$4.1 million in total political contributions by Sempra over those four years. SoCalGas also gave \$36.5 million over those years to charities, business groups and other organizations, including some with close ties to cities that have passed the resolutions.

Those are big numbers, although they’re dwarfed by the amounts spent by California’s largest electric utilities, Southern California Edison and PG&E. Edison and PG&E have lobbied heavily in recent years for changes that would limit their liability from fires ignited by their infrastructure.

Emissions and affordability

'Balanced energy' supporters

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City/county	Date approved
Adelanto	6/26/19
Alhambra	7/8/19
Aliso Viejo	6/19/19
Arcadia	9/3/19
Azusa	7/15/19
Bakersfield	5/8/19
Baldwin Park	6/19/19
Banning	5/14/19
Beaumont	7/2/19
Bellflower	8/12/19
Bradburv	6/18/19

Electrification advocates say SoCalGas is overstating the costs of phasing out gas. But the company's messaging has resonated, in part because it has chosen its targets carefully. A [document titled](#) "list of potential early adopters" — which the gas company sent to the city of Chino Hills — shows the utility planned to avoid certain cities, including some with a reputation for environmentalism, such as Los Angeles, Palm Springs and Santa Monica.

The Times could find only one city that voted down the gas company's resolution: Arvin, a community of 20,000 in California's oil and gas country.

Asked by a SoCalGas spokesman to support the resolution at a council meeting, Mayor Jose Gurrola Jr. cited the economic benefits of renewable energy and the threat of climate change, saying, "Our children, and our children's children in the future, are going to deal with the decisions that we make now."

"It is your job to manage the public affairs for a gas company," he told the spokesman. "It is our job to represent the interests of the people of Arvin."

To meet California's long-term climate targets, state policymakers may eventually need to take aggressive steps to ban or severely restrict fossil gas.

But electrification proponents say SoCalGas is overstating the immediate threat of state mandates, with the goal of winning support from local officials and building a coalition that can ensure more aggressive steps are never taken.

The reality, those critics say, is there have been no bills in the Legislature, and no proposals from regulators, that would require anyone to replace their gas appliances. Even Berkeley's gas ban applies only to new construction.

To help existing buildings ditch gas, electricity advocates want to see financial incentives and educational campaigns that make electric appliances such as heat pumps and induction stoves more attractive to consumers, business owners and builders. They hope to scale up the market and drive down costs.

"The only people talking about banning gas and forcing people to electrify are SoCalGas," said Panama Bartholomy, director of the Building Decarbonization Coalition, an advocacy group whose members include environmental nonprofits, electric utilities and appliance manufacturers.



BUSINESS

California's next frontier in fighting climate change: your kitchen stove

April 4, 2019

A recent battle in Sacramento highlights the disconnect between the gas company and its critics.

Assembly Bill 3232, proposed last year by Assemblywoman Laura Friedman (D-Glendale), would have set a goal of cutting carbon emissions from buildings 50% below

1990 levels by 2030, and tasked state officials with developing a plan for all structures built after Jan. 1, 2030, to be “zero-emission buildings.”

The bill didn't specify that new buildings would have to be all-electric. But SoCalGas lobbied against it, fearing electrification would be the eventual result.

The legislation passed but was watered down, only requiring state officials to “assess the potential” for reducing emissions from buildings 40% by 2030.

SoCalGas declined to answer detailed questions about its “balanced energy” campaign, or to make its chief executive, Bret Lane, available for an interview.

In a written statement, gas company Vice President Sharon Tomkins said keeping energy costs down “should be a top priority, especially at a time when California is undergoing what Gov. Newsom has identified as an ‘affordability crisis,’ with skyrocketing costs on everything from housing to child care.”

“California can still meet its ambitious climate goals while ensuring energy reliability and affordability for its residents,” Tomkins said. “That requires keeping all solutions on the table that can help meet its clean energy goals.”



A Surfliner train by Amtrak travels along the collapsing bluffs in Del Mar, where sea levels are rising due to climate change. (John Gibbins/The San Diego Union-Tribune)

SoCalGas released a [strategy paper](#) in April outlining its vision to become “the cleanest natural gas utility in North America.” That vision includes replacing 20% of the fossil gas in the company’s pipelines with renewable gas by 2030, and later adding large amounts of hydrogen and other non-fossil fuels.

Many clean energy advocates say those fuels are expensive or in short supply, and will never come close to replacing fossil gas. They say renewable gas should be set aside for heavy industry and other hard-to-electrify processes.

Maximilian Auffhammer, an environmental economist at UC Berkeley, compared SoCalGas’s dilemma to that of a company selling hay to feed horses, at a moment in time when horse-drawn carriages were being replaced by cars. Electrification, Auffhammer said, presents a similarly existential threat.

“If all of a sudden residential goes all electric, you’ve lost a significant part of your business,” he said. “So it’s not that surprising that the gas-only utilities are against these

pushes.”

A grass-roots group, funded by industry

The public face of SoCalGas’s campaign is Californians for Balanced Energy Solutions, or C4BES, which bills itself as a coalition of “families, small and large commercial businesses, industrial users, local governments” and nonprofits. C4BES has worked to drum up opposition to electrification, hosting press events and warning that “anti-gas forces” are behind “a well-orchestrated campaign ... to tell builders what to build, restaurants how to cook, businesses how to operate facilities, local governments how to set building standards and homeowners how to heat homes and prepare the family meals.”

The California Public Utilities Commission’s consumer watchdog office uncovered documents this year showing SoCalGas laid the groundwork for C4BES — and used ratepayer funds to do so.

That sparked criticism from the Sierra Club, which slammed C4BES as a front for the gas company and asked the PUC not to allow the group to participate in developing programs to reduce emissions from buildings. SoCalGas was already a party to the regulatory proceeding.

C4BES ended up dropping its request to participate. The group’s executive director, Jon Switalski, told the PUC that C4BES had chosen to withdraw “rather than devoting precious resources on defending against attacks that have nothing to do with the proceeding.”

Since then, The Times has reviewed internal documents painting a more complete picture of the gas company’s role in C4BES.

Of the \$220,000 in contributions that C4BES received from Jan. 1 through Aug. 12 of this year, \$100,000 came from SoCalGas, the internal documents show. The Utility Workers Union of America, whose membership includes SoCalGas employees, chipped in an additional \$25,000.

That money has gone toward radio and television ads, political consultants and lawyers. C4BES has prioritized several “targeted audiences,” including non-coastal cities, Republicans, moderate Democrats and African American, Asian and Latino homeowners and businesses, the internal documents show.

There’s just one SoCalGas executive among C4BES’s 30 board members. But 13 board members represent nonprofits, business coalitions and advocacy groups that received \$830,000 in gas company funding from 2015 through 2018, a Times analysis found. Three others represent the Utility Workers Union of America.

Groups on C4BES board

Page 1 of 3 >

Organization	SoCalGas funding, 2015-18
Coalition for Renewable Natural Gas	\$107,250
Inland Empire Economic Partnership	\$94,600
Faith and Community Empowerment	\$25,000
San Gabriel Valley Economic Partnership	\$62,900

Mike Campbell, a program manager at the PUC’s consumer watchdog office, described C4BES as an example of “astroturfing” — a tactic where a business or other powerful group tries to create the appearance of grass-roots support.

“The utility seems to be quite prepared to try to undermine the state’s climate goals,” Campbell said.

SoCalGas has rejected all accusations of impropriety. In a commission filing in May, the company wrote that the Sierra Club's characterization of C4BES as a utility-created front group "insults the integrity of each of C4BES's individual members and tarnishes their reputations."

Switalski, C4BES's executive director, said in a written statement to The Times that the group's board members "have joined C4BES voluntarily," and that there is "no direct correlation between their participation and any funding they may receive from SoCalGas." He called the gas company's participation "no more surprising than [Southern California] Edison's active sponsorship of efforts supporting electrification, which helps their bottom line."



Construction manager Chris Smith shows off an induction cooktop at an all-electric, solar-powered town home development being built by City Ventures in Bellflower on March 25. (Francine Orr / Los Angeles Times)

'The genius upgrade you're looking for'

A week after C4BES withdrew from the PUC proceeding to develop emissions-reduction programs, another group with ties to SoCalGas asked for permission to join: the American Public Gas Assn.

APGA is a nonprofit trade association that represents hundreds of municipal gas utilities. As an investor-owned utility, SoCalGas isn't an APGA member.

But the company has helped fund the trade association's pro-gas advocacy campaign, as revealed in thousands of pages of APGA emails, memos and presentations uncovered by the Climate Investigations Center, a nonprofit watchdog group based in Virginia.

Many of those documents — which were obtained via public records requests and public websites, and shared with The Times — detail the activities of APGA's "direct use task group." A January 2019 presentation from an APGA conference describes the task group's mission: "Counter the regulatory and legislative threats to the direct use of natural gas by advocating policies, regulations & legislation that promote natural gas direct use."

"Direct use" refers to gas burned in homes and businesses for heating and cooking, as opposed to gas burned at power plants to generate electricity.

In a 2017 letter to President Trump's energy secretary, Rick Perry, APGA president Bert Kalisch criticized the Obama administration for proposing "flawed appliance efficiency rules" that he said would raise costs for consumers. He urged the Department of Energy to revise its methodology for calculating the economic benefits of efficiency measures "to ensure that any new or amended standards are actually justified and will serve the public interest."

"Direct use of natural gas is in the best interests of the Nation," Kalisch wrote.

Documents obtained by the Climate Investigations Center show a projected \$295,000 budget for APGA's direct use task group in 2018. The documents show SoCalGas was expected to contribute \$50,000, with Spire Inc., another private utility company based in St. Louis, also set to chip in \$50,000.

The initiative is led by Sue Kristjansson, who now runs a Tennessee utility but began her involvement with the task group when she worked for SoCalGas.

One of the task group's main activities is an advertising campaign to promote the use of natural gas.

In presentations to gas utility officials, a hired PR firm, Porter Novelli, outlined two "near-term opportunities": convincing residents who already have access to natural gas to use more, and highlighting the "lifestyle comforts that natural gas can enable" for homes that have access to gas but don't use it. Porter Novelli described its target audience as current and soon-to-be homeowners between the ages of 25 and 44, with several "target audience sub-segments," including Latino millennials, design enthusiasts, "promising families" and "young city solos."

Porter Novelli launched its public relations blitz, dubbed "Gas Genius," this year. The ads feature roaring fireplaces, heated baths and outdoor grills.

"Natural gas isn't just a home upgrade. It can make your home the place your family and friends want to gather, relax and hang," the campaign's [Facebook page](#) reads. There's a similar appeal on the Gas Genius [Instagram account](#): "Natural gas is the genius upgrade you're looking for."



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Kristjansson described Gas Genius as “an effort to reintroduce and remind our consumers about why they really like and depend on natural gas.”

“Consumers don’t think about it very often, even though their daily routines often depend on natural gas,” she said in an interview.

SoCalGas spokesman Chris Gilbride said in an email that the company is “not familiar or involved with the Gas Genius advertising campaign.”

APGA argues gas can displace higher-polluting coal and give consumers a cheap, reliable energy option at home. The trade group also says widespread switching from gas-based heating and cooking to electric appliances would make society too reliant on the electric grid.

Asked about climate policy, APGA said in a written statement that it “supports pragmatic policies to sustainably reduce global greenhouse gas emissions.” APGA members “staunchly believe their product has and will reduce” those emissions “using current natural gas technologies,” the group wrote.

Climate advocates say gas is part of the problem, not the solution. They point to studies showing, for instance, that limiting global warming to 1.5 degrees Celsius — the goal of the Paris accord — means no new fossil fuel infrastructure can be built, and some infrastructure must be retired early.

‘The eventual death of our industry’

The Public Utilities Commission has already granted APGA’s request to join its proceeding for cutting emissions for buildings, which C4BES previously attempted to join. APGA’s motion for party status described the group’s members as gas utilities “owned by, and accountable to, the citizens they serve.”

The motion says nothing about the trade association’s financial ties to SoCalGas. But in a recent weekly update to its members, APGA said it submitted its opening comments in the regulatory proceeding “with support from the Direct Use Task Group” — the initiative funded in part by SoCalGas.

APGA didn’t respond directly to a question from The Times about whether the gas company prompted the trade association to join the PUC proceeding. In a written statement, APGA said the direct use task group “brings together approximately 20 organizations to advocate for balanced energy policies.”

“An important part of that is engaging in policy discussions and regulatory proceedings,” APGA wrote. “All members have an equal voice.”

Asked about the company's support for APGA, Gilbride, the SoCalGas spokesman, said in an email that the trade group "approached us and asked us to support an effort to further the direct use of natural gas because of its cost-effectiveness and energy-efficiency when used for heating, hot water and cooking."

Similarly, APGA "approached SoCalGas about submitting comments" in the PUC's regulatory proceeding, Gilbride said.

"SoCalGas agreed that their voice representing public agencies would further inform policymakers," he said.

In its opening comments, APGA argued that a financial incentive program being developed by the PUC to boost installation of low-emission space and water heaters amounts to "forced electrification." And using gas utility revenue to fund such a program, APGA said, is "not reasonable," in part because the gas industry "already invests heavily in energy efficiency projects that can achieve the environmental goals of California and will continue to do so."



Susan Gorman-Chang of the advocacy group Save Porter Ranch at a news conference by state lawmakers outside Southern California Gas Co.'s Aliso Canyon facility. (Al Seib / Los Angeles Times)

In 2017, APGA asked its members how much it should prioritize “investing staff time and resources to counter anti-fossil fuel messaging,” documents obtained by the Climate Investigations Center show.

“This is the most pressing issue of our day,” one unnamed survey respondent wrote. “If we don’t prevail on this battleground it will lead to the eventual death of our industry.”

‘Not just the gas company’

In addition to collaborating with APGA, SoCalGas has worked closely with C4BES, emails obtained by the Climate Investigations Center show.

In April, gas company staffer Robert Cruz emailed city council members from Azusa, Covina and Pomona, saying he was “asked by our senior leadership team to identify some key Latino leaders that might consider supporting the current Californians For Better Energy Solutions effort.” Over the next few months, Cruz exchanged emails with Duarte Mayor Pro Tem Samuel Kang, in which they discussed recruiting Chinese restaurant owners to C4BES.

“C4BES is not just the gas company,” Kang said in an interview.

Some local officials have agreed to co-author opinion pieces that include the gas company’s talking points.

Cruz emailed a draft of one such piece to West Covina staff in July, asking them if Mayor Lloyd Johnson would sign on as a co-author. The next week, Johnson was listed as a co-author of the published op-ed alongside two other mayors, Rosemead’s Margaret Clark and Diamond Bar’s Carol Herrera.

Johnson didn’t respond to requests for comment. But Clark said in an interview that she wrote parts of the op-ed after going “back and forth” with SoCalGas. She said she worries a gas ban would cause people’s energy bills to rise dramatically and could exacerbate California’s housing crisis.

“This is a much bigger issue to me than whether the gas company solicited people,” Clark said.

Diamond Bar’s Herrera called the opinion piece a “collaborative effort,” saying in an email that she has “an obligation to speak up for my constituents.”

The gas company has also lined up support from nonprofits.

secretary under President Obama. The report described renewable gas, hydrogen and other fuels as “critical clean energy pathways.”

The report’s sponsors included SoCalGas, fellow Sempra subsidiary San Diego Gas & Electric, the Utility Workers Union of America and several groups that SoCalGas has funded.

Moniz said in April that his team at the Energy Futures Initiative was “approached last year by a group of California natural gas distributors and users led by SoCalGas.” A spokesman for the initiative told The Times the report’s sponsors “had no control over its content or even the scope of the analysis.”



Then-Energy Secretary Ernest Moniz listens during a hearing of the House Energy and Commerce Committee's Environment and the Economy Subcommittee in Washington. (Brendan Smialowski / AFP / Getty Images)

What happens next

In an August 2018 [news release](#) announcing a study on renewable gas, SoCalGas quoted representatives of 21 groups — 17 of which had collectively received \$1.8 million from the company from 2015 through 2018, a Times analysis found.

A few months later, SoCalGas sent 36 [letters](#) supporting renewable gas to the PUC. Twenty-one of those letters, including several from environmental nonprofits, came from groups that had received a total of \$900,000 in gas company funding from 2015 through 2018.

Renewable gas supporters

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Organization	SoCalGas funding, 2015-18
Alhambra Chamber of Commerce	\$6,175
American Indian Chamber of Commerce of California	\$30,250
Bolsa Chica Conservancy	\$68,750
Boys and Girls Club of Los Angeles Harbor	\$5,400
California Latino Leadership Institute	\$17,500
City of Murrieta	\$500
Climate Resolve	\$86,500
Coachella Valley Economic Partnership	\$45,500
Coalition for Renewable Natural Gas	\$107,250
Community of California Cities	\$45,500

SoCalGas is looking for more nonprofits to fund. The company [solicited applications](#) earlier this year for its “environmental champions” grant program, with winners receiving up to \$25,000. Projects involving natural gas or renewable gas “will be given special consideration,” the utility wrote.

The gas company and C4BES have touted other signs of support for renewable gas, including a recent [report](#) from a group led by Ernest Moniz, who served as energy

Although state policymakers haven't proposed banning gas in existing buildings, they have started taking action to encourage electrification.

Over SoCalGas's objections, the PUC recently voted to allow \$1 billion in annual energy efficiency funding to be spent, in part, on rebates for consumers to replace gas appliances with electric versions. The California Energy Commission updated efficiency rules to encourage construction of all-electric homes. And the Legislature allocated \$200 million toward programs to reduce emissions from buildings, including incentives for low-emissions space and water heaters.

State officials haven't ruled out renewable gas as an option. But they've increasingly made it clear they see electricity as the better long-term choice.

"How do we convince people that backyard pizza ovens with natural gas are probably not as good as a good convection oven?" then-PUC president Michael Picker asked earlier this year. "People are going to have to go back to Rachael Ray to get her to redo those recipes."

Californians for Balanced Energy Solutions is thinking about how people cook in their backyards, too.

On July 11, the SoCalGas-funded group posted to Facebook and Twitter for National Grilling Month, with a GIF showing smoke coming off a grill. The social media posts claim that gas-powered backyard grills are "much cleaner, efficient and healthier" — compared to charcoal grills, not electric versions.

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Sammy Roth covers energy for the Los Angeles Times and writes the weekly Boiling Point newsletter. He previously reported for the Desert Sun in Palm Springs. He grew up in Westwood and would very much like to see the Dodgers win the World Series.

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SoCalGas shouldn't be using customer money to undermine state climate goals, critics say



Tera Lecuona of Porter Ranch holds a protest sign during a hearing in Granada Hills over a methane leak at Southern California Gas Co.'s Aliso Canyon Storage Facility. (Richard Vogel / Associated Press)

By SAMMY ROTH | STAFF WRITER

NOV. 22, 2019 | 6 AM



The Gas Genius social media accounts feature softly lit images of families and millennials cooking on outdoor grills, enjoying warm baths and relaxing by roaring fire pits.

“Will 2020 be the year you upgrade your home to natural gas?” asked a recent caption on the Gas Genius Instagram.

The posts are part of a national campaign to highlight the virtues of natural gas, one of the main contributors to global climate change, as California and other states make plans to phase out fossil fuels. The campaign is led by the American Public Gas Assn., a trade group for municipal gas providers.

But some of the funding has come from unknowing customers of Southern California Gas Co., newly disclosed documents show.

The Los Angeles-based utility — one of America’s largest private gas companies — has been charging ratepayers, rather than shareholders, for some of its contributions to APGA and other gas industry advocacy groups, according to data shared with The Times. That means money paid by SoCalGas customers on their monthly bills has been used to support groups working to promote natural gas and preserve the gas utility business model.

Critics say it’s wrong for SoCalGas to spend customer money in ways they see as at odds with California’s climate change policies.

SoCalGas argues that ratepayer funding is appropriate because it’s trying to help the state meet its climate goals, not undermine them. The company funds organizations “that provide benefits to our customers, including energy efficiency programs and

research that help keep our customers' monthly bills affordable, and programs that combat climate change and air pollution from every sector of the economy," spokesman Chris Gilbride said in an email.

Monopoly utilities such as SoCalGas can generally spend shareholder money however they want. But they're supposed to spend ratepayer money only on projects that benefit ratepayers — infrastructure upgrades that improve safety, for instance, or outreach to customers about rebate programs.

Consumer watchdogs at the California Public Utilities Commission are working to determine whether the gas company's use of customer money to support industry groups is appropriate.

But based on the information available so far, it appears the utility's spending may be part of a "systematic and intentional response to the threat" posed by California's increasingly aggressive efforts to slash planet-warming emissions, said Daniel Buch, a supervisor at the PUC's Public Advocates Office.

"Using ratepayer funds to undermine the state's interests and goals is inappropriate," Buch said.

The Public Advocates Office compelled SoCalGas to turn over data last month detailing its contributions to several industry groups and revealing how much of that money came from ratepayers versus shareholders. The independent watchdog office shared the data with the Los Angeles Times.

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#homeimprovement #patio #firepit #naturalgas #naturalgasgenius

A post shared by Natural Gas Genius (@naturalgasgenius) on May 29, 2019 at ...

California's other investor-owned utilities could also face scrutiny over their funding of industry groups. Buch said the Public Advocates Office has asked for similar data from Southern California Edison, Pacific Gas & Electric and San Diego Gas & Electric, which like SoCalGas is owned by Sempra Energy.

For SoCalGas, at least, the dollar figures are relatively small.

The utility has given \$50,000 to APGA each of the last three years, charging half that money to ratepayers and half to shareholders. SoCalGas serves nearly 6 million homes and businesses from the Central Valley to the U.S.-Mexico border, meaning \$25,000 comes out to less than half a cent per customer.

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The gas company could easily cover the entirety of those contributions with shareholder funds. In its latest federal financial filing, the utility's corporate parent, San Diego-based Sempra, reported \$813 million in earnings in the third quarter of 2019, with \$106 million in cash on hand as of Sept. 30.

This isn't the first time SoCalGas has been accused of using ratepayer dollars to try to keep its customers hooked on gas.

The Public Advocates Office has sparred with SoCalGas over the company's alleged use of customer funds to fight energy efficiency rules. The watchdog also discovered that SoCalGas used customer money to help launch a pro-gas advocacy group called Californians for Balanced Energy Solutions, or C4BES.

SoCalGas ratepayer funding, 2017-19

American Gas Assn.	\$2,306,568
California Natural Gas Vehicle Coalition	\$188,000
Bioenergy Assn. of California	\$80,000
American Public Gas Assn.	\$75,000
American Council for an Energy-Efficient Economy	\$65,000
California Council for Environmental and Economic Balance	\$57,085
Coalition for Renewable Natural Gas	\$45,000

All groups have also received shareholder funding from SoCalGas. Data provided by the Public Advocates Office designates some of the gas company's ratepayer funding for AGA and the Bioenergy Assn. of California as "anticipated to pay in 2019."

Source: Public Advocates Office, California Public Utilities Commission

Chart by Sammy Roth / Los Angeles Times

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SoCalGas says its infrastructure has a vital role to play in combating climate change. The company plans to replace 20% of the fossil gas in its pipelines with climate-neutral biomethane, also known as renewable gas, by 2030, and later add large amounts of renewable hydrogen and other non-fossil fuels.

Some environmentalists are skeptical those alternate fuels will pan out. But SoCalGas officials say taking advantage of existing gas infrastructure is an easier, cheaper climate solution than asking consumers to replace their gas appliances with electric versions, which is preferred by many activists.

“With growing renewable gas supplies, promising renewable hydrogen technologies, micro-grids and residential fuel cells, our natural gas system is a critical asset that can help California achieve its climate goals, without sacrificing reliability or making energy unaffordable,” Gilbride said.

Fending off threats to natural gas

APGA commissioned the Gas Genius social media blitz through a task group led by a former SoCalGas employee, who now runs a public utility in Tennessee. That’s according to documents obtained by the Climate Investigations Center, a nonprofit watchdog group, and shared with The Times.

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APGA’s advocacy has included pushing the Trump administration to overhaul regulations and fighting policies that promote zero-emission construction.

CLIMATE & ENVIRONMENT

California ditched coal. The gas company is worried it’s next

Oct. 22, 2019

SoCalGas has participated in some of those efforts.

For instance, a SoCalGas employee helped develop alternate versions of two climate change resolutions APGA was trying to block at the U.S. Conference of Mayors, according to emails obtained by the Climate Investigations Center. One of the original resolutions called for a “comprehensive national response to climate change.” The other expressed support for a transition to net-zero-energy buildings by 2050.

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In APGA’s alternate versions, references to a “carbon-free” economy and “net-zero” buildings were replaced by calls for a “low-carbon” economy and a “lower ... carbon footprint” for buildings. Both of the original resolutions opposed by APGA were approved by the mayors earlier this year.

Repairs continued on Southern California Gas Co.'s Line 235, a pipeline that brings natural gas toward the Los Angeles Basin, near Newberry Springs, Calif., in July. The pipeline has since been returned to service. (Brian van der Brug / Los Angeles Times)

APGA says its advocacy benefits SoCalGas customers, in part because natural gas produces fewer planet-warming emissions than other fuels people use to keep warm, such as heating oil and propane. Natural gas-fired electricity has also helped wean America off coal, the most polluting fossil fuel.

Natural gas “provides a multitude of benefits to energy consumers, communities and our country,” APGA said in a written statement to The Times.

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“Families in California and across the country benefit from balanced energy policies that preserve consumer choice and affordability and provide a pathway for a sustainable energy future,” APGA said.

Ratepayer funding for advocacy groups

Utilities typically argue that trade groups provide technical know-how and industry updates that help them serve customers, and therefore customers ought to fund their membership in those groups, said Matt Freedman, an attorney with the Utility Reform Network, an independent consumer watchdog.

But in many cases, “there are big questions about whether these trade associations add value from the ratepayer perspective,” Freedman said.

“If it’s pure political advocacy, there’s no good argument for ratepayers to fund that,” he said.

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In response to data requests from the Public Advocates Office, SoCalGas acknowledged charging ratepayers for contributions to several advocacy groups.

Since 2017, the California Natural Gas Vehicle Coalition received \$188,000 in ratepayer funds and \$29,250 in shareholder funds from SoCalGas. The coalition describes itself as “an association of natural gas vehicle and engine manufacturers, utilities, fuel providers and fleet operators” looking to reduce California’s dependence on petroleum — in part by pushing lawmakers and regulators to promote adoption of vehicles powered by natural gas.

Asked how its work benefits SoCalGas customers, the coalition’s president, Thomas Lawson, pointed out that California cities have some of the nation’s worst air pollution. Replacing diesel trucks with vehicles powered by cleaner natural gas, Lawson said, “can provide relief for those Californians right now.”

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Environmentalists say electric cars are better than natural gas vehicles, because they’re powered by California’s increasingly clean electricity supply.

A battery is lifted into place for installation in a Chevrolet Bolt electric vehicle at the General Motors Orion Assembly plant on Nov. 4, 2016, in Orion Township, Mich. (Duane Burleson / AP)

Another group, the Coalition for Renewable Natural Gas, has gotten nearly \$90,000 from SoCalGas since 2017, with the funding split about evenly between ratepayers and shareholders. The coalition advocates at the federal and state levels for policies that promote use of renewable gas, which is captured from dairy farms, landfills, sewage

treatment plants and other industrial operations that would otherwise spew the heat-trapping gas into the atmosphere.

The coalition is participating in a Public Utilities Commission proceeding to develop programs for reducing emissions from residential and commercial buildings. Another SoCalGas-funded group, C4BES, withdrew from that proceeding in August after it was accused of being a front for the gas company.

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The renewable gas coalition's chief executive, Johannes Escudero, said in an email that SoCalGas is one of more than 200 member companies "who are committed to the sustainable development, deployment and utilization of renewable natural gas produced from methane that would otherwise be flared and wasted or, worse, vented fugitively into the atmosphere as a short-lived climate pollutant many times more potent than carbon."

The group's work helps ensure "that present and future generations, including SoCalGas' ratepayers, have access to domestic, renewable, clean fuel and energy," Escudero said.

Growing the market for natural gas

The American Gas Assn. has received more money from SoCalGas than any of the other groups the Public Advocates Office asked about. The gas company's chief executive, Bret Lane, sits on AGA's board of directors.

SoCalGas has given more than \$2.1 million in ratepayer funds to AGA over the last three years, and anticipates contributing another \$191,000 in customer money and \$31,000 in shareholder money this year, the company told the consumer watchdog.

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The gas company is a member of AGA's Sustainable Growth Committee, which works to identify "opportunities for natural gas utility growth," according to documents obtained by the Center for Climate Investigations. A 2018 memo discusses the committee's efforts to build a case against gas alternatives, and describes renewable gas "as a conduit to environmental organizations" that might "mitigate the opposition's fervor" against new gas pipelines.

A section of Line 235, a SoCalGas pipeline that runs through the California desert toward Los Angeles. (Brian van der Brug / Los Angeles Times)

The gas company is also a member of AGA's committee on building energy codes, whose "guiding principles" say AGA "will continue to assert the value of natural gas options and oppose 'electrification' efforts that would prohibit, negatively impact, or limit consumer choice for the direct use of natural gas."

In a statement to The Times, AGA described gas as "an essential part of plans to reduce" climate emissions. Replacing gas appliances with electric versions, the association said, is "a costly approach for a small amount of emissions reduction" that could "be burdensome to consumers, the economy and have profound impacts and costs on the electric sector, which is not currently built to handle the energy load" of the natural gas delivery system.

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SoCalGas says AGA, APGA, the Coalition for Renewable Natural Gas and the Natural Gas Vehicle Coalition all do work that benefits the utility's customers. SoCalGas pointed to the potential air-quality benefits of natural gas vehicles, as well as state policies aimed at reducing emissions of short-lived climate pollutants. The company says it can help achieve those policies by capturing renewable gas from industrial facilities before it enters the atmosphere.

A battle over furnaces

The Public Advocates Office has been sparring with SoCalGas over its use of ratepayer funds for several years.

In 2017, the consumer watchdog accused the company of working alongside APGA and AGA to try to block a new efficiency standard for residential gas furnaces. SoCalGas insisted it had done nothing wrong, arguing the proposed federal rule would harm consumers by raising the cost of furnaces.

But a SoCalGas program manager suggested an additional motive, writing in an email obtained by the Public Advocates Office that the rule “will increase the cost of a furnace if adopted and as such could create fuel switching away from gas.... The gas industry needs to be actively involved with this issue.”

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Citing the furnace rule and several other actions, the Public Advocates Office accused the company of spending ratepayer dollars in a “concerted effort to undermine the state’s energy efficiency goals.” The PUC ultimately ordered SoCalGas to stop conducting energy efficiency advocacy funded by ratepayers.

But the consumer watchdog now says the company initially violated that order, charging ratepayers at least \$6,000 for additional advocacy, and later tried to hide the extent of its violations. Last month, the PUC directed SoCalGas to explain why it shouldn’t be sanctioned.

“My concern is that it’s endemic of a larger cultural problem, a willingness to do as you please and not be concerned with what the regulator is going to think if you get caught,” said Mike Campbell, a program manager at the Public Advocates Office.

Construction manager Chris Smith shows off an induction cooktop at an all-electric, solar-powered town home development being built by City Ventures in Bellflower in March. (Francine Orr / Los Angeles Times)

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The consumer watchdog has also asked the PUC to deny shareholders their customary incentive payments for the gas company's energy efficiency advocacy in 2016 and 2017, arguing the payments are supposed to reward good behavior. There's not much money at stake — \$180,000 in total incentives, which comes out to a fraction of a penny per

Sempra Energy share — but the Public Advocates Office says ratepayers should get to keep the money.

“The public should not be spending a dollar on efforts to undermine our climate objectives,” said Matt Vespa, an attorney with the nonprofit law firm Earthjustice who has represented the Sierra Club in regulatory battles with the gas company.

SoCalGas has argued shareholders are entitled to their \$180,000 reward because the company did nothing wrong.

In response to allegations that the company violated the PUC’s order to stop conducting ratepayer-funding advocacy, SoCalGas told the commission it ended its advocacy work within 40 days of the order, explaining that some of the continued work involved “wrapping up and transitioning off projects.”

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The utility also promised to transfer the cost of that work from ratepayers to shareholders “in an abundance of caution and as a showing of good faith.”

More broadly, SoCalGas has objected to the Public Advocates Office’s characterization of its energy efficiency advocacy. The watchdog’s negative portrayal of the gas company “is directly contradicted by SoCalGas’ track record in achieving gas energy efficiency savings,” the utility wrote in a 2017 PUC filing.

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Sammy Roth covers energy for the Los Angeles Times and writes the weekly Boiling Point newsletter. He previously reported for the Desert Sun in Palm Springs. He grew up in Westwood and would very much like to see the Dodgers win the World Series.

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Oct. 5, 2020

Khatirah Nazif

Subject: FW: SCE Position on Californians for Balanced Energy Solutions Resolution

From: Christian Horvath <horvath.rbd3@gmail.com>

Sent: Tuesday, October 6, 2020 10:03 AM

To: Vickie Kroneberger <Vickie.Kroneberger@redondo.org>

Cc: Eleanor Manzano <Eleanor.Manzano@redondo.org>

Subject: Fwd: SCE Position on Californians for Balanced Energy Solutions Resolution



ATTN: Email is from an external source; **Stop, Look, and Think** before opening attachments or links.

with gratitude,

Christian Horvath

Council Member, District 3

City of Redondo Beach

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Begin forwarded message:

From: Vic Nol <Vic.Nol@sce.com>

Subject: SCE Position on Californians for Balanced Energy Solutions Resolution

Date: October 6, 2020 at 9:43:06 AM PDT

To: "christian.horvath@redondo.org" <christian.horvath@redondo.org>

Cc: Christian Horvath <horvath.rbd3@gmail.com>

Dear Councilmember Horvath,

Regarding Item P.3 on tonight's Redondo Beach City Council meeting agenda (Discussion and Consideration of Adopting a Resolution Supporting Balanced Energy Solutions...), Southern California Edison (SCE) opposes this resolution. It is part of an anti-electrification campaign that is actively working to make it more difficult for customers to choose clean energy alternatives to fossil fuels. SCE supports customer choice, affordability, and efforts to reduce greenhouse gas emissions and other forms of air pollution. We strongly urge the City Council to make sure they understand the full complexity of energy issues before supporting a coalition advocating on those energy issues.

Californians for Balanced Energy Solutions was founded in part by fossil-fuel interests looking to maintain the status quo, but it does not offer any real solutions for how to meet California's greenhouse gas reduction or air quality goals. Additionally, the affordability claims they make on methane products, such as renewable natural gas, do not hold up to actual cost examinations.

In 2017, we conducted an analysis of what it will take to achieve the state's 2030 environmental goals:www.Edison.com/pathwayto2030. While our plan is electric-led, it is certainly not electric-only. It calls for an electric grid powered by up to 80 percent carbon-free generation by 2030, supported by energy storage, over 7 million electric vehicles, and about 30 percent of space and water heating in buildings to be electrified. The analysis and plan also include natural gas and other methane products such as renewable natural gas, where they are economical, safe, and where it makes sense.

Our plan is not status quo, and it does balance sources, applications, and costs. Combined, the measures in our plan will meet the state's goals while keeping costs at a minimum for consumers and preserving the economic competitiveness of our state. Importantly, these measures won't just reduce greenhouse gas emissions – they will also reduce other forms of harmful indoor and outdoor air pollution caused by burning fossil fuels. This will improve the health of our communities.

We understand how complicated and nuanced issues related to energy, especially clean energy, can be. SCE wants to work with our community stakeholders to develop solutions to meet the state's ambitious environmental goals that are both practical and affordable. SCE's vision is for a clean energy future.

Sincerely,

Vic

Vichet (Vic) Nol

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