



Eugene "Mitch" Mitchell
Vice President
State Governmental Affairs

925 L Street, Suite 650
Sacramento, CA 95814

(916) 492-4245
emitchell@semprautilities.com

August 27, 2015

The Honorable Kevin de León
Senate President pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

RE: SB 350 (de León) – SUPPORT

Dear Senator de León:

The Sempra Energy Utilities are pleased to offer our support to SB 350, which would advance the State's clean energy policy objectives around the increase in renewable energy, the use of alternative fuel vehicles to achieve greenhouse gas (GHG) reductions and improvements in the opportunities for doubling energy efficiency savings. We have had extensive conversations with interested stakeholders on key aspects of this bill throughout this legislative session to come to an agreement on direction as it relates to the most important policy priorities for our companies. The Sempra Energy Utilities would like to thank the author and his staff for their significant efforts in addressing our concerns and in facilitating agreements on these issues. Specifically, Sempra Energy Utilities agree with the language on the following priority issues, which we believe will be included in forthcoming amendments to the bill:

Renewable Portfolio Standard: All entities should be treated equally: Working together with consumer, environmental and labor groups, we have agreed upon language that will protect electrical corporation customers from cost increases related to certain energy choice activities. Specifically, SB 350 will require the California Public Utilities' Commission (CPUC) to ensure that utility customers of an electrical corporation do not experience any cost increases as a result of some electrical corporation customers electing to be served by other providers. Additionally, policy direction is included to require CPUC review and oversight of all retail sellers' renewable energy resource procurement plans. Furthermore, we are encouraged that an agreement will be finalized related to the long-term contract aspect of the banking discussion.

Energy Efficiency: Working with environmental organizations, we have agreed upon language that will require the CPUC to make specified changes to electrical and gas corporation energy efficiency programs to assist the State in striving for deeper energy efficiency goals. Additionally, the CPUC will be required to undertake a comprehensive review of the program at mid-point and make adjustments to the targets and policies to address any barriers that are found to exist. As the State is working to accomplish the goal of doubling energy efficiency savings, we believe it is vital to revise the rules governing energy efficiency programs so that energy efficiency resources can be used to provide incentives to assist in bringing existing older residential and commercial buildings closer to code and applicable standards, as well as helping buildings to exceed code. This program change and others will be critical as the State moves forward with this aggressive goal.

Alternative Fuel Vehicle Focus: Working with environmental and consumer organizations, the Sempra Energy Utilities have agreed upon language that will assist the State with alternative fuel vehicle growth and encourage the leveraging of electric vehicles to help manage the costs associated with renewable energy integration. We agree that reducing GHG emissions and criteria pollutants produced by vehicles should be a key component of the State's focus. We believe that all alternative fuel vehicle technologies should be explored to help meet SB 350's emission objectives, as electric vehicles are not available for all transportation sectors. Additionally, the Sempra Energy Utilities maintain that it is imperative to explore strategies and investments that will expand

California's infrastructure for alternative fuels. To that end, SB 350 would require the CPUC to direct electrical corporations to file applications for programs to assist with developing infrastructure necessary to support this increased focus on the expansion of the alternative fuel vehicle market.

This is an exciting time in the energy industry as it relates to discussions about renewable natural gas, power-to-gas, battery storage, and other distributed generation advancements. California has always been at the forefront of improving our environment. The Sempra Energy Utilities look forward to continuing to work with the State as we explore the best way to advance California's aggressive clean energy agenda.

For the reasons described above, the Sempra Energy Utilities are pleased to support the goals and objectives in SB 350 related to the utility sector.

Yours sincerely,

A handwritten signature in black ink that reads "Mitch Mitchell". The signature is written in a cursive style with a large, stylized "M" and "M".

c: Honorable Members, California State Assembly
Mr. Kip Lipper
Ms. Gabrielle Zeps
Mr. Robert Spiegel
Ms. Nancy McFadden
Ms. Camille Wagner