



Southern California Gas Company Consumer is Key: Increasing Awareness



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Southern California Gas Company



- Southern California Gas Company (SoCalGas) has been delivering clean, safe and reliable natural gas to its customers for nearly 140 years.
- It is the nation's largest natural gas distribution utility, serving a population of 20.5 million consumers through 5.7 million gas meters in more than 500 communities.
- Awarded the J.D. Power and Associates 2009 Gas Utility Residential Customer Satisfaction Award in the West.
- Headquartered in Los Angeles, we are a regulated subsidiary of [Sempra Energy](#) (NYSE:SRE), a Fortune 500 company based in San Diego.

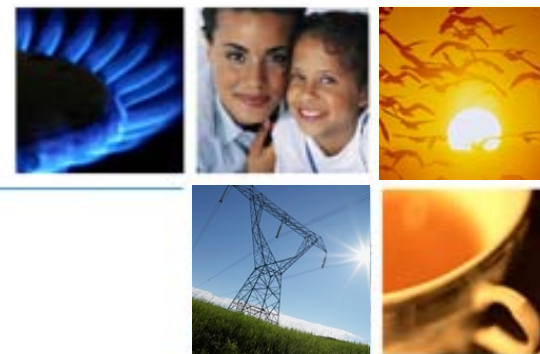
Southern California Gas Company



The company's service territory encompasses approximately 20,000 square miles of diverse terrain throughout Central and Southern California, from Visalia to the Mexican border.

Our commitment to provide customers with world-class service has been the key to our longevity and success. Our motto, "Glad to be of service" reflects this spirit.

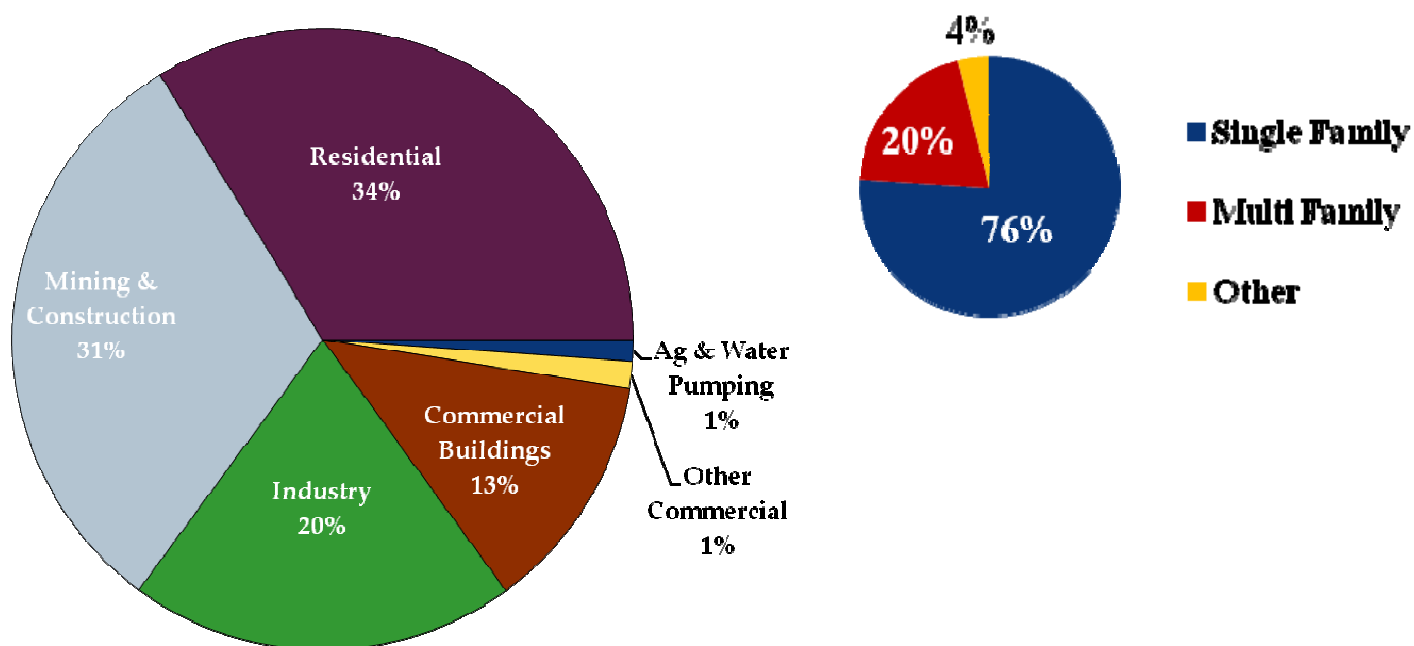
Overview: Baseline Natural Gas Consumption



- The residential sector accounts for more than a third (2,660 MTh) of natural gas consumption in SoCalGas service territory.

SoCalGas Customers' Natural Gas Consumption

7,605 MTh Total



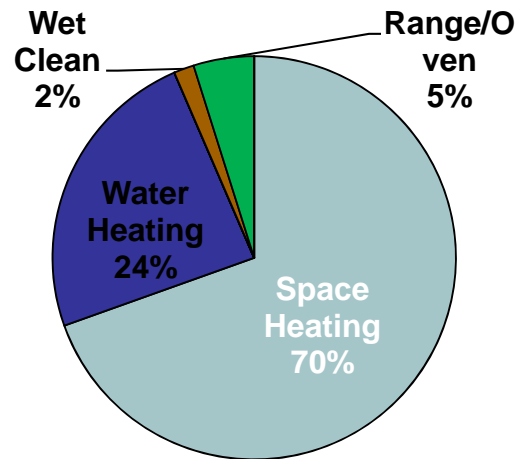
Overview: Baseline Natural Gas Consumption



In the Southern California climate, water heating is the largest element of residential consumption and space heating is less significant.

US -- Residential Natural Gas Consumption

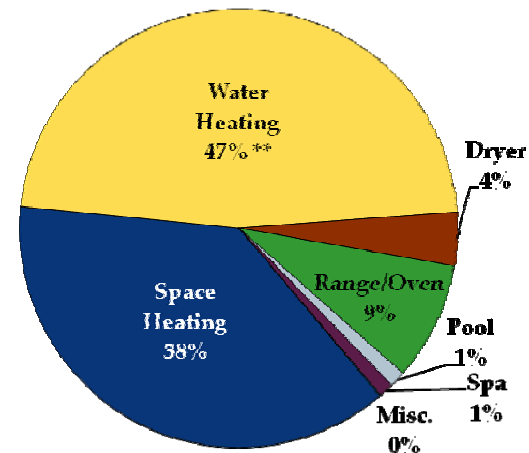
4.50 quadrillion Btu
(45,000 MTh per year total)



Source: Buildings Energy Data Book, 2006.

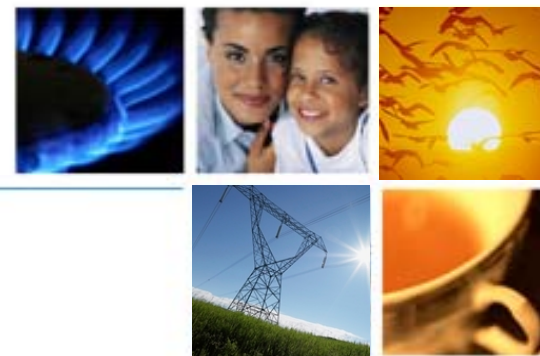
SoCalGas Residential Natural Gas Consumption

443 Th/Household



Source: Residential Appliance Saturation Survey, 2004.

Market Opportunities



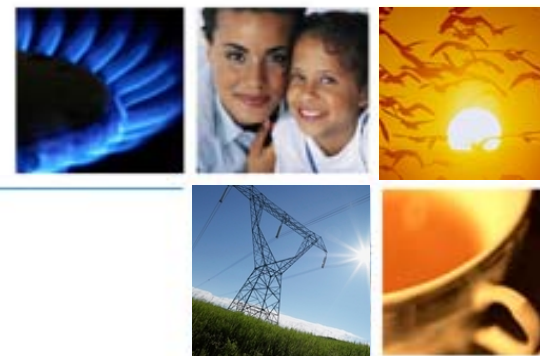
SoCalGas Customer Base

- ✓ 5.7 million meters
 - 5.3 Million Residential Single and Multifamily

Gas Hot Water Market Penetration

- ✓ 93% Market penetration in Residential Sector (RASS)
 - 5 million water heaters
 - Accounts for 31% of the average residential customer bill
- ✓ Water Heater Life Expectancy
 - 12-15 years
- ✓ Average Age of Water Heaters at Replacement
 - 12.9 years
- ✓ Average Age of Water Heaters in Use
 - 8-10 years
 - .52 EF (Based on 50 gal unit)

Market Opportunities

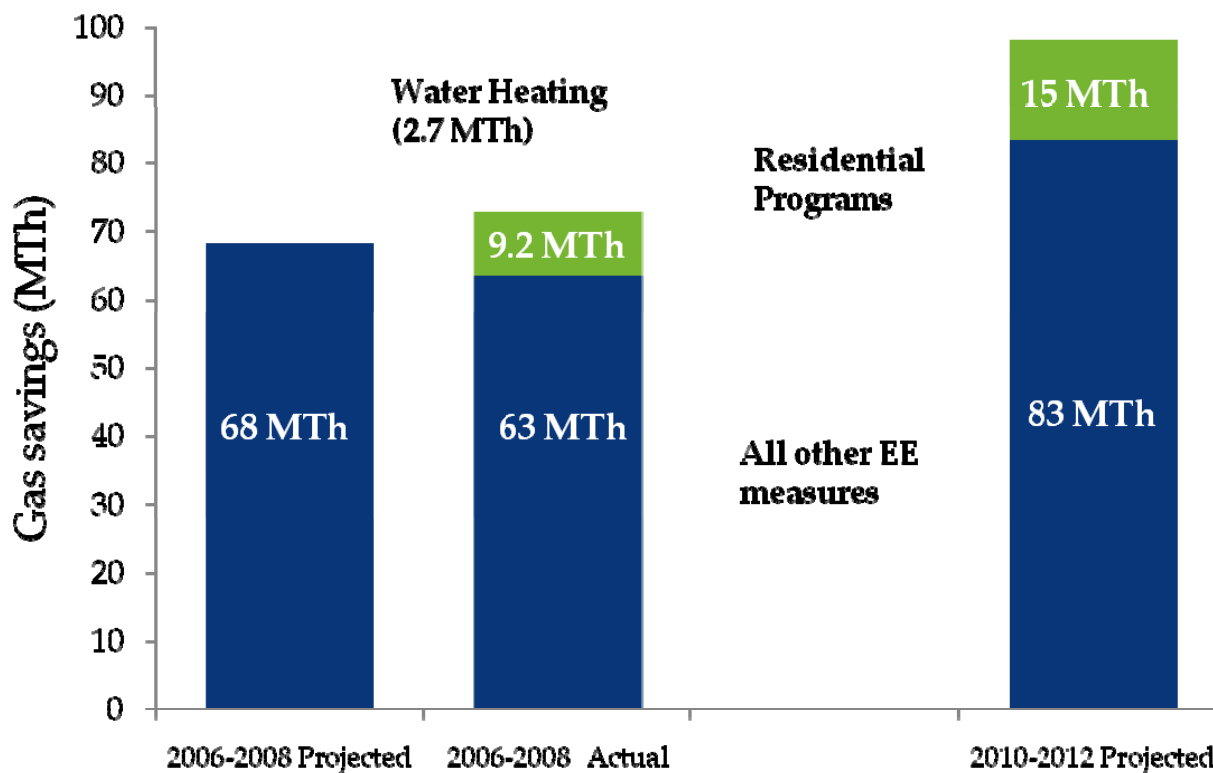
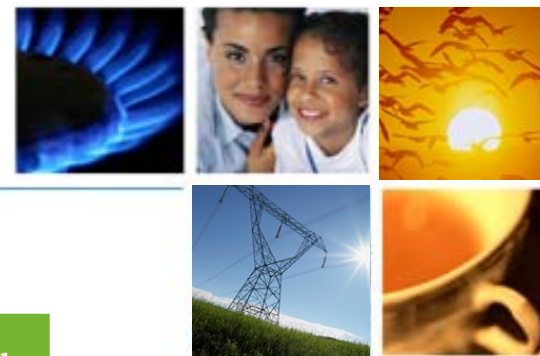


If all California households with old, inefficient (0.58 EF) gas water heaters upgraded to energy-efficient models (0.62 EF), it would save 100 million therms and 552,000 tons of CO₂ per year (equivalent to taking 100,000 cars off the road.)

Source: www.fypower.com/res/naturalgas/calculations.html



Energy Efficiency Programs



Source: EEGA, CPUC

Residential water heating was 4% of total gas savings in 2006-2008, and total residential programs typically amount for 15% of total therms saved.

Savings in SoCalGas program cycle 2006-2008 from residential water heating measures totaled 2.7 MTh - 0.03% of TOTAL natural gas consumption.

SoCalGas Home Energy Efficiency Rebate Program Overview



- **Home Energy Efficiency Rebates:**

Up to \$10.2 million in cash rebates available to residential customers for purchasing and installing qualified energy efficient products in existing single-family detached homes, attached homes (up to a four-plex), condominiums and mobile homes.

Customers may participate in the program in one of two ways:

- Mail-In Rebates
- Instant Rebates (Point of Sale)

Visit www.socalgas.com/rebates/residential for list of participating retailers and qualifying measures

2010-2012 Home Energy Efficiency Rebate



Qualifying Products & Rebates:

- 2010 High Efficiency Qualifying Natural Gas Storage Water Heaters:
 - ✓ \$30 ($\geq .62\text{EF}$)
 - Mail-in
 - P.O.S. (Big Box Retailers)
- 2010 ENERGY STAR® Qualified Tankless Water Heater Rebates (available through manufacturer):
 - ✓ \$150 (Tier I = $\geq .82\text{ EF}$)
 - ✓ \$200 (Tier II = $\geq .90\text{ EF}$)
 - Available for the purchase and installation of a qualified tankless water heater via participating manufacturers.
 - For more information visit www.socalgas.com/rebates/residential/tanklesswaterheater

2010-2012 Home Energy Efficiency Rebate



- **2010 Natural Gas Storage Water Heater Rebate Program**

- ✓ \$30 minimum qualification (.62 EF)
- ✓ 8,955 units rebated 2006-08 (last program cycle)
- ✓ 2009 – 4,915 units rebated
- ✓ 2010 YTD – 8,207 units rebated

- **2010 Tankless Water Heater Rebate Program (via Mfg)**

- ✓ Initiated 2007 with \$200 rebate ($\geq .82$ EF)
- ✓ \$150 minimum ENERGY STAR (.82 EF)
- ✓ \$200 (.90 EF or above)
- ✓ 7,384 units rebated 2007-08
- ✓ 2009 – 3,823 units rebated
- ✓ 2010 YTD – 4,175 units rebated

2010-2012 Energy Efficiency



3rd Party Contractor Program (Matrix)

- Water Heater Upstream Rebate Program
 - ✓ Distributor/Contractor/Installer Focused
 - ✓ Compliments the Home Energy Efficiency Rebate program and provides Energy Efficiency Training
 - ✓ Shared Incentive to Stock and Purchase Higher Efficiency (>.62 EF) Water Heaters.
 - ✓ Minimizes Lost Opportunities for the Installation of Higher Efficiency Units on Emergency Replacement Calls.
 - ✓ 10,537 units rebated YTD



Market Barriers



- **Customer Resistance**
 - ✓ Early retirement of inefficient models
- **Marketplace Acceptance**
 - ✓ Newer Technology
 - ✓ Higher Incremental Cost
 - ✓ Lengthy Payback
 - ✓ Product Availability (Ultra-low NOx, Southern California)
- **Manufacturers/Distributors/ Contractors**
 - ✓ Limited Model Availability
 - ✓ Immediate In-Store or On-truck Stock Availability
 - ✓ First Cost (Missed Opportunities)
 - ✓ Proper Installation



Over Coming Barriers



Utility Strategies

- **Leverage ENERGY STAR Labeling**
 - ✓ Customer Education – information regarding benefits ENERGY STAR Water Heaters
 - ✓ Bill Stuffers, Collateral, Website, Outreach
- **Energy Efficiency Programs**
 - ✓ P.O.S. Rebate Program
 - ✓ Cash for Appliances
 - ✓ Home Energy Efficiency Audits
 - ✓ Home Performance Contractor Training
 - ✓ Energy Upgrade CA™ (statewide “whole house” program)
- **Emerging Technologies**
 - ✓ Efficient design of water distribution system
 - ✓ Proper sizing of hot water systems
 - ✓ Use of on demand recirculating pumps
- **Federal Stimulus Package**
 - ✓ Tax Credits (\$1,500)
 - ✓ AB 811 (California On Bill Financing Program)





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This program is funded by California utility customers and administered by Southern California Gas Company under the auspices of the California Public Utilities Commission. Rebates are available on a first-come, first-served basis, until program funds are depleted. Other terms and conditions apply.