



Southern California Gas Company Building Effective Relationships with Retailers



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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.
- 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.

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)

Point of Sale Background



- 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
- Began as an expansion of a pilot joint point of sale program in 2002/2003 with Southern California Edison (programmable thermostats at local Home Depot).
- Point of sale with retailers resulted due to the need to reduce mail-in application processing time.
- Opportunity to partner with manufacturers/retailers and reduce internal processing costs.

Point of Sale Partnerships



- Costco – clothes washers, Showerstart
- Home Depot – clothes washers, dishwashers, storage water heaters
- Lowe’s – storage water heaters
- Sam’s Club - Showerstart
- Sears – clothes washers, dishwashers and storage water heaters
- Tankless Water Heater Manufacturers:
 - A.O. Smith
 - American Water Heaters
 - Bosch Thermotechnology Corporation
 - Eternal Hybrid Water Heaters
 - Gotairiku Inc.
 - Navien American Inc.
 - Noritz America Corporation
 - Omega 2000 Group Corp.
 - Paloma Industries
 - Quietside
 - Rheem Water Heaters
 - Rinnai Corporation
 - State Water Heaters
 - Takagi Industrial USA

2010-2012 Home Energy Efficiency Rebate



2011 Qualifying Products & Rebates:

- 2011 High Efficiency Qualifying Natural Gas Storage Water Heaters:
 - ✓ \$30 ($\geq .62$ - $.66EF$)
 - Mail-in
 - P.O.S. (Big Box Retailers)
 - ✓ \$75 (Energy Star $\geq .67EF$)
 - Mail-in
 - P.O.S. (Big Box Retailers – Q2)
- 2011 ENERGY STAR® Qualified Tankless Water Heater Rebates (available through manufacturer):
 - ✓ \$150 (Tier I = $\geq .82$ EF)
 - ✓ \$200 (Tier II = $\geq .90$ 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 – 16,308 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 – 5,698 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.
 - ✓ Approximately 22,000 units rebated.



Lessons learned



- **Customer**

- ✓ Resistance to early retirement of inefficient models

- **Marketplace Acceptance**

- ✓ Higher incremental cost
- ✓ Cost: Energy Star storage WH = Tankless Water Heater
- ✓ Product availability (Ultra-low NOx, Southern California)

- **Retailer**

- ✓ Hard to find retailer contact
- ✓ Limited model availability at retailers – special order
- ✓ Retailer controls rebate
- ✓ Retailer profit vs Utility rebate
- ✓ Retailer marketing vs Utility marketing
- ✓ Utility reporting compromised due to proprietary customer information





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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.