




A  Sempra Energy utility

November 21, 2005

Mr. Jerry Royer  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Comments of San Diego Gas & Electric Company and Southern California Gas Company to Draft Resolution G-3383

Dear Mr. Royer:

San Diego Gas & Electric Company ("SDG&E") and Southern California Gas Company ("SoCalGas") (collectively "Joint Utilities") provide the following comments on Draft Resolution G-3383 ("DR"). The DR approves the California Energy Commission's (CEC) Program Plan and Funding Request for 2006 on Natural Gas Public Interest Research Program filed on August 31, 2005.

SDG&E and SoCalGas welcome the opportunity to provide comments on the above-mentioned report and the CPUC Resolution to approve the funding request by the CEC.

SDG&E and SoCalGas have requested from the CEC and fully support the allocation of natural gas R&D funds for the Advanced Generation program area and the R&D projects in the area of "Combined cooling, heating and power (CCHP)" and "Natural gas reformers for fuel cells, turbines, and reciprocating engines". However, SDG&E and SoCalGas would like to allocate more resources to the CCHP program than the \$0.75 million being proposed. The Joint Utilities propose to allocate an additional \$0.5 million to this program and reduce the funding for the Renewables program from \$1.5 million to \$1.0 million. The main reason for this request is the tremendous and immediate need, due to high gas prices, to develop cost-effective and high-efficiency Combined Heat & Power (CHP) packages for various commercial and industrial applications.

SDG&E and SoCalGas support the re-allocation of \$1.85 million of additional funds to expand the Natural Gas Interchangeability program to address the need to evaluate the impact of high btu gases (from LNG) on various residential, commercial and industrial end-use equipment.

Although the Joint Utilities recognize that the CEC had to overcome many administrative hurdles to initiate this R&D program, it is not clear how R&D projects are selected and how funds are allocated between various projects. It is also not clear if the CEC received any advisory council from stakeholders such as the Investor Owned Utilities (IOU) in their project selections.

The report states that the CEC will prepare a five-year strategic research plan by March 31, 2006 for both the electricity and natural gas research programs. SDG&E and SoCalGas urge the CPUC to reinstate the Research Advisory Council to provide the CEC with the input they need from various stakeholders

to provide the CEC with the necessary input to plan, develop and implement their R&D programs. The CEC has instituted a very successful Advisory Committee for their Electric Transmission program, the Utilities recommend using a similar model.

The Joint Utilities respectfully urge the Commission to revise DR G-3383 to reflect the comments discussed herein.

Sincerely,


A handwritten signature in black ink, appearing to read "Steve Rahon". The signature is fluid and cursive, with the first name "Steve" written in a larger, more prominent script than the last name "Rahon".

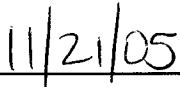
J. Steve Rahon  
Director – Tariffs & Regulatory Accounts

cc: President Michael R. Peevey  
Commissioner Dian Grueneich  
Commissioner Geoffrey F. Brown  
Commissioner Susan P. Kennedy  
Commissioner John Bohn  
Sean Gallagher, Director, Energy Division  
David Effross, Energy Division  
Service List to Draft Resolution G-3383

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of SDG&E's Comments on Draft Resolution G-3383 electronically to the Commissioners, Sean Gallagher, David Effross and the Service List to Draft Resolution G-3383.

  
\_\_\_\_\_  
Christina Sondrini

  
\_\_\_\_\_  
Date