

Southern California Gas Company

2023 Post-Forum Report on System Reliability Issues

Overview

Pursuant to D.09-11-006 and SoCalGas Rule No. 41, Southern California Gas Company (SoCalGas) holds an annual Utility Customer Forum (Forum) each year concerning Operational Flow Orders (OFOs) and Minimum Flow Requirements. SoCalGas and the Forum participants are to collaborate in good faith to develop a post-Forum report. The post-Forum report will summarize the matters discussed at the relevant Forum and identify any action items, tariff changes, and/or procedural modifications that were found to be necessary by parties participating in the Forum. The post-Forum report will include descriptions of the proposals presented by Forum participants.

Annual Report

SoCalGas posted its Fourteenth Annual Report of System Reliability Issues (Fourteenth Annual Report / 2023 Customer Forum Report) on its electronic bulletin board, SoCalGas ENVOY® (ENVOY), on April 26, 2023, addressing the matters described above. The report covered the 2023 Report Period from April 1, 2022, through March 31, 2023. A copy of the Fourteenth Annual Report is included as Appendix 1 to this post-Forum Report.

Customer Forum

SoCalGas held its 2023 Forum on May 10, 2023, in compliance with Section 22 of Rule No. 41, to address the following matters with interested parties:

- i. Review the timing, method, formulas, and all inputs to formulas by which OFO events are triggered;
- ii. Review requests for the System Operator to acquire additional supplies to meet minimum flow requirements;
- iii. Review System Operator purchases/actions to meet minimum flow requirements and plans for the coming year by providing information regarding the individual transactions, including transactions executed pursuant to the System Operator contractual arrangements. Transaction-specific information shall identify price, volume, date, delivery/receipt points, and any special terms;

- iv. Review the need for any additional minimum flow requirements on the Utility system beyond then-current defined requirements;
- v. Review potential additional tools to support system operations and potential system improvements to reduce or eliminate the need for any minimum flowing supply requirements.

SoCalGas provided a presentation at the meeting and made it available to meeting participants after its conclusion. The presentation contained the agenda, overview, and summary of the operational matters and proposals as outlined in SoCalGas' Fourteenth Annual Report. Specific operational matters within scope of the Customer Forum included: 1) High OFO Review; 2) Low OFO Review; 3) Scheduled Quantity Adjustments; and 4) System Reliability Support Activity Results. Additional operational matters discussed included: 1) ENVOY updates; 2) Operational Update – Winter Storage; and 3) Cold Winter 2022-2023. Additional regulatory matters discussed included: 1) EPNG Line 2000 Outage; 2) North Baja Xpress Project CPCN; 3) Gas Planning Rulemaking; 4) SB380 Proceeding Update; and 5) 2024 Cost Allocation Proceeding – BTS Credit Mechanism.

A copy of the presentation is included as Appendix 2 to this post-Forum Report.

Approximately 109 people representing customers, gas suppliers, and other interested parties attended the Forum. The relevant issues from the Fourteenth Annual Report as well as other operational matters were discussed. No questions were submitted by customers prior to the meeting.

Responses to questions received during the meeting are presented below.

High OFO Review

Question: Please provide some color on the subjective nature of OFO declarations. Some shippers have been under the impression that OFO declarations are based strictly on a mathematical equation. However, there is in fact a subjective nature to the OFO declarations.

Response: As presented in the Customer Forum and as stated in SoCalGas's Rules, an OFO is declared if, on a day prior to the Gas Day, in the sole judgement of Gas Control, the system forecast of storage injection used for balancing exceeds the injection capacity allocated to the balancing function (High OFO), or the system forecast of storage withdrawal used for balancing exceeds the withdrawal capacity allocated to the balancing function (Low OFO). Even though there is a mathematical component that drives the OFO declarations, SoCalGas's CPUC-approved rules allow for Gas Control to use judgment in OFO declarations.

Question: When gas flowing into the system is greater than system demand, where does the surplus end up?

Response: When gas supply flowing into the system is greater than system demand, storage injection for system balancing is used to accommodate the surplus.

Low OFO Review

Question: There have been instances when SoCalGas declares a Low OFO on days when there is forecast net injection. Doesn't this send a false signal to the market?

Response: No. OFO declarations are based on system balancing. A Low OFO is declared if, on a day prior to the Gas Day, in the sole judgment of Gas Control, the system forecast of storage withdrawal used for balancing exceeds the withdrawal capacity allocated to the balancing function. Whether or not a Gas Day has a net injection, a Low OFO will be declared if the previous statement is true.

Question: Could SoCalGas investigate declaring OFOs on Cycle 1?

Response: No. SoCalGas previously declared OFOs on Cycle 1, using the latest available scheduled volumes from Cycle 5 of the previous gas day. This approach

led to many “false” OFOs as the calculation was based on obsolete information. By waiting until Cycle 2, the OFO calculation uses more relevant scheduled volumes (from Cycle 1 of the same gas day) and allows SoCalGas to declare OFOs based on more relevant information.

Scheduled Quantity Adjustments

There were no questions asked regarding Scheduled Quantity Adjustments.

Southern System Reliability Support Activity Results

There were no questions asked regarding Southern System Reliability Support Activity Results.

ENVOY Updates

Question: Will SoCalGas consider introducing Application Programming Interface (API) technology into ENVOY in the future?

Response: SoCalGas currently does not have plans to incorporate APIs into ENVOY over the next 2-3 years. However, we are always interested in finding out what improved ENVOY capabilities that customers would like to use if they become available.

Operational Update – Winter Storage

There were no questions asked regarding the System Update – Winter Storage.

Cold Winter 2022-2023

There were no questions asked regarding Cold Winter 2022-2023.

EPNG Line 2000 Outage

There were no questions asked regarding the EPNG Line 2000 Outage.

North Baja Xpress Project CPCN

There were no questions asked regarding the North Baja Xpress Project CPCN.

Gas Planning Rulemaking

There were no questions asked regarding Gas Planning Rulemaking (R.20-02-007)

SB 380 Proceeding Update

There were no questions asked regarding the SB 380 Proceeding Update.

2024 Cost Allocation Proceeding – BTS Credit Mechanism

There were no questions asked regarding the 2024 Cost Allocation Proceeding – BTS Credit Mechanism.

Additional Items

Question: Is there any plan to implement the capability of reciprocal nominations (i.e., buy from and sell to the same counterparty within the same pool)?

Response: SoCalGas previously explored the feasibility of this feature and found that allowing reciprocal nominations will create technical system problems due to an increase in transaction loops. However, SoCalGas intends to explore this feasibility with its IT team again.

Question: With the addition of three new California Producer receipt points to SoCalGas's major Transmission Zones, does a producer need to be physically producing in one of those Transmission Zones in order to be considered within one of those Transmission Zones?

Response: Yes, a producer needs to be producing in one of those Transmission Zones in order to be considered within one of those Transmission Zones.

Question: When do you expect a decision regarding the Aliso Canyon increase in capacity?

Response: SoCalGas and SDG&E have requested an expedited decision by the Commission on its April 19, 2023, Petition for Modification to increase the Aliso Canyon storage capacity from 41.16 Bcf to 68.6 Bcf for the upcoming summer season and 2023-2024 winter season, to mitigate against similar price spikes in the future and to preserve reliability. SoCalGas and SDG&E requested that the Commission act swiftly to allow sufficient time for injections prior to November 1, 2023.

Question: Has SoCalGas presented a proposal?

Response: Yes, on April 19, 2023, SoCalGas and SDG&E filed a Petition for Modification requesting the Commission to increase the Aliso Canyon storage capacity from 41.16 Bcf to 68.6 Bcf for the upcoming summer season and 2023-2024 winter season, in order to mitigate against similar price spikes in the future and impacts to customers, and to preserve reliability.

Conclusion

The next Forum will be scheduled for Q2 2024.