



Fifteenth Annual Report of System Reliability Issues

2024 Customer Forum

April 24, 2024

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Date Issued: April 24, 2024

Introduction

SoCalGas presents its Fifteenth Annual Report of System Reliability Issues (Report). This Report covers the time period from April 1, 2023, through March 31, 2024 (the Report Period). Pursuant to Section 22 of Rule No. 41, this Report includes information on the following subjects:

- A. Review of the timing, method, formulas, and all inputs to formulas by which Operational Flow Order (OFO) events are triggered;
- B. Review of requests for the System Operator to acquire additional supplies to meet minimum flow requirements;¹
- C. Review of 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;
- D. Review the need for any additional minimum flow requirements on the Utility system beyond then-current defined requirements; and
- E. Review potential additional tools to support system operations and potential system improvements to reduce or eliminate the need for any minimum flowing supply requirements.

Operational Flow Orders

Under SoCalGas Rule No. 41, an OFO may be issued if, on a day prior to this Gas Day, in the sole judgment of Gas Control, the system storage withdrawal or injection capacity required for balancing exceeds the withdrawal or injection capacity allocated to the balancing function. SoCalGas may elect not to issue an OFO for a Gas Day if the system forecast for the following Gas Day indicates the use of storage withdrawal or injection used for system balancing will return to reasonable levels without the assistance of an OFO.

OFOs are declared only on the Evening and Intraday 1 cycles by 8PM on the day prior to the Gas Day.

<u>Cycle</u>	<u>Quantity Used for High and Low OFO Calculations</u>
2 (Evening)	Timely Cycle Scheduled Quantities
3 (Intraday 1)	Evening Cycle Scheduled Quantities

¹ Pursuant to Rule No. 41, the activities involved in meeting any physical flowing gas supply requirements as determined by the Gas Control Department, formerly conducted by the Operational Hub, are currently conducted by the System Operator.

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Gas Control develops the sendout forecast by using weather data for estimating core demand (wholesale and retail) and market information and historical data for noncore customer demand. Gas Control also makes use of demand forecast data provided directly from the grid operators, including, but not limited to the California Independent System Operator (CAISO), Los Angeles Department of Water & Power (LADWP), and Imperial Irrigation District (IID).

High OFOs are triggered when forecasted storage injection for balancing exceeds the injection capacity allocated to the balancing function.

206 High OFOs were declared during the Report Period which represents an 115% increase in comparison to the 96 High OFOs declared during the previous Report Period. Attachment 1 provides detailed calculations for each High OFO for the Report Period.

Number of High OFOs from April 1, 2023 through March 31, 2024											
<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>
13	24	30	15	19	30	30	24	11	5	5	0

Low OFOs are triggered when forecasted storage withdrawal used for balancing exceeds the withdrawal capacity allocated to the balancing function.

25 Low OFOs were declared during the Report Period which represents a 63% decrease in comparison to the 67 Low OFOs declared during the previous Report Period. Attachment 1 provides detailed calculations for each Low OFO for the Report Period.

Number of Low OFOs from April 1, 2023 through March 31, 2024											
<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>
0	1	0	<u>1</u>	0	0	0	1	0	7	7	8

Rule 30 Section G.1.h requires that Low OFO noncompliance charges for a Gas Day be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled Backbone Transportation Service (BTS) nominations during Intraday 1 Cycle, Intraday 2 Cycle, or Intraday 3 Cycle. This occurred during the Report Period on May 4, 2023.

Should SoCalGas' declaration of a Low OFO prove to be inadequate to maintain system integrity, SoCalGas may implement other measures including an Emergency Flow Order (EFO). SoCalGas may invoke EFOs when a forecast or an actual supply and/or capacity shortage threatens deliveries to End-Use Customers. An EFO will normally be invoked following an OFO but SoCalGas may invoke an EFO without previously invoking an OFO if, in SoCalGas' judgment,

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emergency operating conditions exist. There shall be no minimum notice period for EFOs, however, SoCalGas will attempt to provide as much notification to customers as practicable under the circumstances. No EFOs were declared during the Report Period.

A. Requests for Additional Supplies to Meet Minimum Flow Requirements

A description of the requests from Gas Control to obtain additional supplies to meet Southern System minimum flow requirements from April 1, 2023, through March 31, 2024, can be found in Attachment 2. A total of 7 requests were made during the Report Period.

The System Operator may ask the Utility Gas Procurement Department per Section 13 of Rule 41 to act on a best-efforts basis to provide gas supplies as a provider of last resort. "Provider of last resort" relates to the circumstance in which the System Operator has attempted to use all other available tools, has entered the open market for gas commodity purchases, has been unsuccessful in meeting its need to receive a required volume of flowing supplies at a specific location, and system reliability is therefore jeopardized. Pursuant to Section E(4) of Rule 33, the terms of any resulting transactions are to be posted on Envoy within 72 hours after the conclusion of the transaction. No Provider of last resort requests were made during the Report Period.

B. System Operator Transactions to Meet Minimum Flow Requirements and Plans for the Coming Year

SoCalGas, if required, will use spot purchases, baseload agreements,² and evaluate the possible use of discounted Backbone Transportation Service (BTS) capacity to meet its Southern System minimum flow requirements.

During the Report Period, SoCalGas purchased and sold approximately 0.48 MMDth of spot market supply at an approximate net cost of \$8.27 per Dth or a total approximate net cost of \$4.2 million. No baseload supply was purchased during the Report Period.

During the Report Period, SoCalGas did not offer discounted interruptible backbone transportation rates for gas transported from the El Paso – Ehrenberg receipt point to increase customer delivery of gas into the Southern System.

The Sixth Memorandum In lieu of Contract (MILC) between SoCalGas' System Operator and Gas Acquisition for gas supply to support Southern System minimum flow requirements became effective on November 1, 2021. Its evergreen

² SoCalGas Advice No. (AL) 5971 continued through March 31, 2025 the prequalification provisions for baseload contracts included in Rule No. 41, Section 19, which expired on March 31, 2022.

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provision is limited to three one-year terms ending not later than October 31, 2024, unless cancelled in writing by SoCalGas at least 30 days prior to the second or third terms.

C. Additional Minimum Flow Requirements

There is no need for any additional minimum flow requirements outside of the Southern System at this time.

D. Potential Additional Tools to Support System Operations and Potential System Improvements to Reduce or Eliminate the Need for Minimum Flowing Supply Requirements

Tools previously identified by SoCalGas to meet this minimum flow requirement include spot purchases, Requests for Offers (RFOs) to gas suppliers to help meet Southern System flowing supply needs, minimum flow obligations (see Decision (D.) 07-12-019, mimeo. at 58-64.), and MILCs between SoCalGas' System Operator and Gas Acquisition.

The Commission recently reviewed the adequacy of these tools in Rulemaking No. 20-01-007 based on the expected construction of the ECA LNG export terminal and North Baja Xpress Project. The Commission determined that:

SoCalGas currently has reasonable tools available to address Southern System reliability issues including: (a) spot market purchases at Southern Zone receipt points for subsequent sale at the Citygate; (b) memoranda in lieu of contract between its Gas Acquisition Department and System Operator for coverage of the Southern System minimum requirements attributable to bundled core customers; (c) seasonal baseload transactions to secure preset daily delivery to Southern Zone receipt points; (d) discounted backbone transportation service (BTS) contracts applicable to Southern Zone receipt points; and (e) ability to issue a Request for Proposals (RFP) seeking additional tools.³

The North Baja Xpress project began service in 2023. The ECA LNG export terminal is expected to commence commercial operations Summer 2025.⁴

³ Commission Decision (D).22-07-002, Finding of Fact 20.

⁴ Sempra 2022 Form 10-K, page 23

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E. Post-Forum Report

Rule No. 41 requires SoCalGas and Forum participants to collaborate in good faith to develop a post-Forum report that includes identifying any tariff changes that are found to be necessary by Forum participants. Tariff changes proposed in the Forum will be submitted to the CPUC by Advice Letter no later than 60 days after the Forum.

F. Regulatory Updates

Aliso Canyon Storage Field

In August 2023, the California Public Utilities Commission (CPUC) issued a Decision (D.) 23-08-050 which increased the interim maximum range of Aliso Canyon storage capacity from 41.16 Bcf to 68.6 Bcf to support reliability and natural gas price stability. In addition, the CPUC Energy Division issued a letter to SoCalGas, noting that as part of the implementation of D.23-08-050, and to further mitigate high gas prices, the Aliso Canyon Withdrawal Protocol was removed by them effective September 15, 2023.

Unbundled Storage Program

The Unbundled Storage Program was re-opened based on the increase in the interim maximum range of Aliso Canyon storage capacity from 41.6 Bcf to 68.6 Bcf pursuant to D.23-08-050. SoCalGas began offering natural gas park and loan services and storage capacity rights (inventory only) in September 2023.