

2024 CUSTOMER FORUM

MAY 8, 2024



Participation Instructions

What to do after clicking on the link to the meeting

- » **Mobile Devices** - For participants using a mobile device, download the Microsoft Teams app and join as a guest. Participants will then be required to enter their names.
- » **Laptop or Desktop** - For participants using a laptop or desktop, if you have a Microsoft Teams account, click on *Sign in and join*; if you do not have a Microsoft Teams account, click on *Join on the Web* instead, then click allow use of microphone and camera. Participants will then be required to enter their names.

Guidelines for the conduct of meetings

- » Please ensure that your **microphone is muted**. Only unmute yourself if you have been given the floor to speak. After you have finished, please mute your microphone again.
- » Please **turn off your video** to enhance the performance. You can turn on the video if you are invited to speak.
- » Please speak clearly, slowly, and with adequate volume.

Agenda

- » Introductions
- » Antitrust Disclaimer
- » Operational Flow Orders (OFOs)
- » Southern System Reliability
- » Forum Proposals
- » Post Forum Report and Next Steps
- » Scheduled Quantity Trades
- » Envoy Updates
- » Backbone Transportation Service (BTS)
- » Operational Updates
- » Storage Updates
- » Regulatory Updates and Other Items

**Recording of this
Customer Forum
is prohibited**

Antitrust Disclaimer

AMERICAN GAS ASSOCIATION ANTITRUST COMPLIANCE GUIDELINES

Introduction

The American Gas Association and its member companies are committed to full compliance with all laws and regulations, and to maintaining the highest ethical standards in the way we conduct our operations and activities. Our commitment includes strict compliance with federal and state antitrust laws, which are designed to protect this country's free competitive economy.

Responsibility for Antitrust Compliance

Compliance with the antitrust laws is a serious business. Antitrust violations may result in heavy fines for corporations, and in fines and even imprisonment for individuals. While the General Counsel's Office provides guidance on antitrust matters, you bear the ultimate responsibility for assuring that your actions and the actions of any of those under your direction comply with the antitrust laws.

Antitrust Guidelines

In all AGA operations and activities, you must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety. The following guidelines will help you do that:

- **Do** consult counsel about any documents that touch on sensitive antitrust subjects such as pricing, market allocations, refusals to deal with any company, and the like.
- **Do** consult with counsel on any non-routine correspondence that requests an AGA member company to participate in projects or programs, submit data for such activities, or otherwise join other member companies in AGA actions.
- **Do** use an agenda and take accurate minutes at every meeting. Have counsel review the agenda and minutes before they are put into final form and circulated and request counsel to attend meetings where sensitive antitrust subjects may arise.
- **Do** provide these guidelines to all meeting participants.

- **Do not, without prior review by counsel,** have discussions with other member companies about:
 - ♦ your company's prices for products, assets or services, or prices charged by your competitors
 - ♦ costs, discounts, terms of sale, profit margins or anything else that might affect those prices
 - ♦ the resale prices your customers should charge for products or assets you sell them
 - ♦ allocating markets, customers, territories products or assets with your competitors
 - ♦ limiting production
 - ♦ whether or not to deal with any other company
 - ♦ any competitively sensitive information concerning your own company or a competitor's.
- **Do not** stay at a meeting, or any other gathering, if those kinds of discussions are taking place.
- **Do not** discuss any other sensitive antitrust subjects (such as price discrimination, reciprocal dealing, or exclusive dealing agreements) without first consulting counsel.
- **Do not** create any documents or other records that might be misinterpreted to suggest that AGA condones or is involved in anticompetitive behavior.

We're Here to Help

Whenever you have any question about whether particular AGA activities might raise antitrust concerns, contact the General Counsel's Office, Ph: (202) 824-7072; E-mail: GCO@aga.org, or your legal counsel.

American Gas Association
Office of General Counsel
Issued: December 1997
Revised: December 2008

Operational Flow Orders (OFOs)

OFO Noncompliance Structure for Report Period

| OFO Noncompliance Structure Effective Year-Round | | |
|---|---------------------------|---|
| Stage | Daily Imbalance Tolerance | Noncompliance Charge (\$/Dth) |
| 1 | Up to +/- 25% | 0.25 |
| 2 | Up to +/- 20% | 1.00 |
| 3 | Up to +/- 15% | 5.00 |
| 3.1 | Up to +/- 15% | 10.00 |
| 3.2 | Up to +/- 15% | 15.00 |
| 3.3 | Up to +/- 15% | 20.00 |
| 4 | Up to +/- 10% | 25.00 |
| 5 | Up to +/- 5% | 25.00 plus G-IMB daily balancing standby rate |
| EFO | Zero | 50.00 plus G-IMB daily balancing standby rate |

Scheduled Quantities Used for OFO Calculations

- » For Evening Cycle (Cycle 2), the scheduled quantities of Timely Cycle (Cycle 1) are used for the OFO Calculation.
- » For Intraday 1 (Cycle 3), the scheduled quantities of Evening Cycle (Cycle 2) are used for the OFO Calculation.

Confirmations on High OFO Days vs. non-High OFO Days

- » On High OFO days, SoCalGas will confirm nominations up to the total net system capacity during Intraday 1 (Cycle 3), Intraday 2 (Cycle 4), and Intraday 3 (Cycle 5).
- » On non-High OFO days, SoCalGas will confirm nominations up to the total net system capacity during Intraday 3 (Cycle 5).

High OFO Review

High Operational Flow Order (High OFO)

- » A High OFO is declared if, on a day prior to the Gas Day, in the sole judgment of Gas Control, the system forecast of storage injection used for balancing exceeds the injection capacity allocated to the balancing function.

High OFO Comparison By Cycle and By Stage

| Previous Report Period (Apr 2022 - Mar 2023) | | Current Report Period (Apr 2023 - Mar 2024) ¹ | |
|---|-----------|---|------------|
| Cycle 2 | 75 | Cycle 2 | 194 |
| Cycle 3 | 21 | Cycle 3 | 12 |
| Stage 1 | 0 | Stage 1 | 0 |
| Stage 2 | 4 | Stage 2 | 3 |
| Stage 3 | 21 | Stage 3 | 12 |
| Stage 3.1 | 67 | Stage 3.1 | 136 |
| Stage 3.2 | 3 | Stage 3.2 | 54 |
| Stage 3.3 | 0 | Stage 3.3 | 1 |
| Stage 4 | 1 | Stage 4 | 0 |
| Stage 5 | 0 | Stage 5 | 0 |
| Total | 96 | Total | 206 |

¹ For the Current Report Period (April 2023 through March 2024), High OFOs were declared with daily imbalance tolerances ranging from 3% to 15%.

Low OFO Review

Low Operational Flow Order (Low OFO)

- » 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.

Low OFO Comparison By Cycle and By Stage

| Previous Report Period (Apr 2022 - Mar 2023) ¹ | | Current Report Period (Apr 2023 - Mar 2024) ² | |
|--|-----------|---|-----------|
| Cycle 2 | 63 | Cycle 2 | 22 |
| Cycle 3 | 4 | Cycle 3 | 3 |
| Stage 1 | 20 | Stage 1 | 21 |
| Stage 2 | 1 | Stage 2 | 0 |
| Stage 3 | 8 | Stage 3 | 0 |
| Stage 3.1 | 19 | Stage 3.1 | 2 |
| Stage 3.2 | 8 | Stage 3.2 | 0 |
| Stage 3.3 | 5 | Stage 3.3 | 2 |
| Stage 4 | 5 | Stage 4 | 0 |
| Stage 5 | 1 | Stage 5 | 0 |
| Total | 67 | Total | 25 |

¹ In the 2023 Customer Forum Presentation, for the Previous Report Period (April 2022 through March 2023), the counts for Cycle 2 and Cycle 3 were reported as 62 and 5, respectively, but should have been reported as 63 and 4, respectively.

² For the Current Report Period (April 2023 through March 2024), Low OFOs were declared with daily imbalance tolerances ranging from -5% to -16%.

Southern System Reliability

Southern System Reliability (SSR) Tools

- » SoCalGas and SDG&E maintain Southern System reliability utilizing five tools:
 1. Spot purchases and sales
 2. Seasonal baseload purchases and sales
 3. Discounted BTS contracts
 4. Memorandum in Lieu of Contract (MILC) between System Operator and Gas Acquisition
 5. Request for Proposals (RFPs) to seek additional tools

SSR Purchases and Interruptible BTS Discounts

- » SoCalGas used spot transactions and the MILC to manage System Reliability during this Report Period.
- » SoCalGas purchased and sold approximately 0.51 MMDth to support SSR for this Report Period.

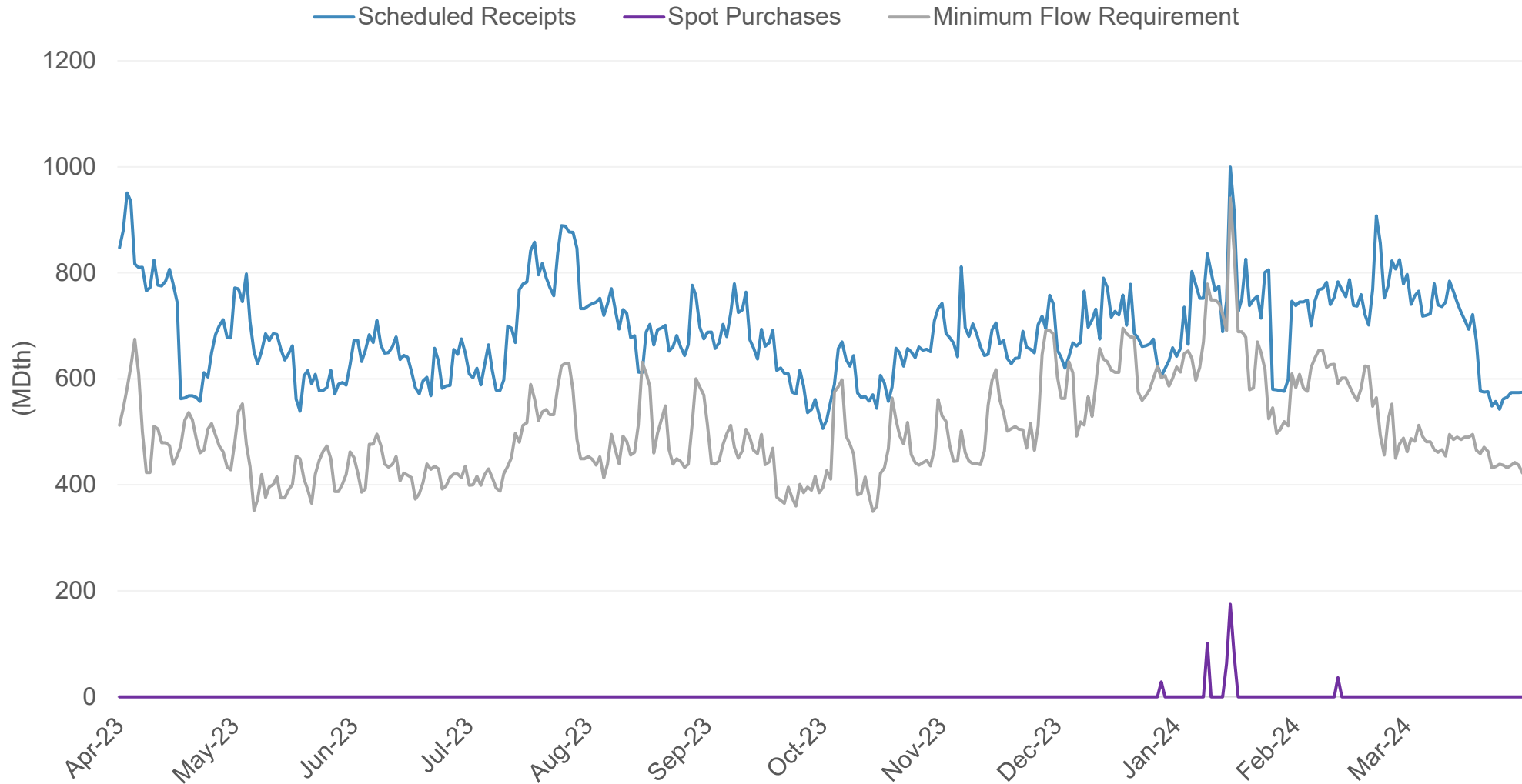
SSR Purchases and Interruptible BTS Discounts

| | 2016-2017 | 2017-2018 | 2018-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Purchases (MDth) | 45,349 | 13,354 | 0 | 555 | 4,124 | 509 |
| Net Cost (\$/Dth) | 0.20 | 0.07 | 0 | 15.53 | 7.52 | 8.27 |
| SRMA Cost (\$MM) | 9.1 | 0.9 | 0 | 8.6 | 31 | 4.2 |
| BTS Discounts (\$MM) | 0.1 | 0 | 0 | 0 | 0 | 0 |
| Total (\$MM) | 9.2 | 0.9 | 0 | 8.6 | 31 | 4.2 |

» Purchased Quantities were significantly lower (8.1x) this period

Southern System Receipts

(Volumes in MDth)



Forum Proposals?

Post-Forum Report and Next Steps

Post-Forum Report and Next Steps

- » The Post-Forum Report will summarize the matters discussed here; identify action items, tariff changes, and procedural modifications that are agreed to be necessary; include descriptions of proposals presented by forum participants.
- » Any proposals made that are rejected by SoCalGas will be included in the Post-Forum Report.
- » A draft Post-Forum Report will be issued on Envoy to the forum participants for review by May 22, 2024 with a revised draft to be issued on Envoy by June 5, 2024.
- » The Post-Forum Report will be filed by July 8, 2024.

Scheduled Quantity Trades

Scheduled Quantity Trades

- » Scheduled Quantity Trades provide customers and marketers (Customer Balancing Agents) with an opportunity to trade scheduled quantities to balance supply with estimated usage for each Gas Day to avoid noncompliance charges.
- » Similarly, Daily Delivery Trades provide California Producers with an opportunity to trade daily deliveries to balance scheduled deliveries with estimated actual deliveries for each Gas Day.
- » A Scheduled Quantity Trade is not an imbalance trade (Imbalances are calculated at the end of the month by comparing billing quality meter usage to the final scheduled quantities for each day).

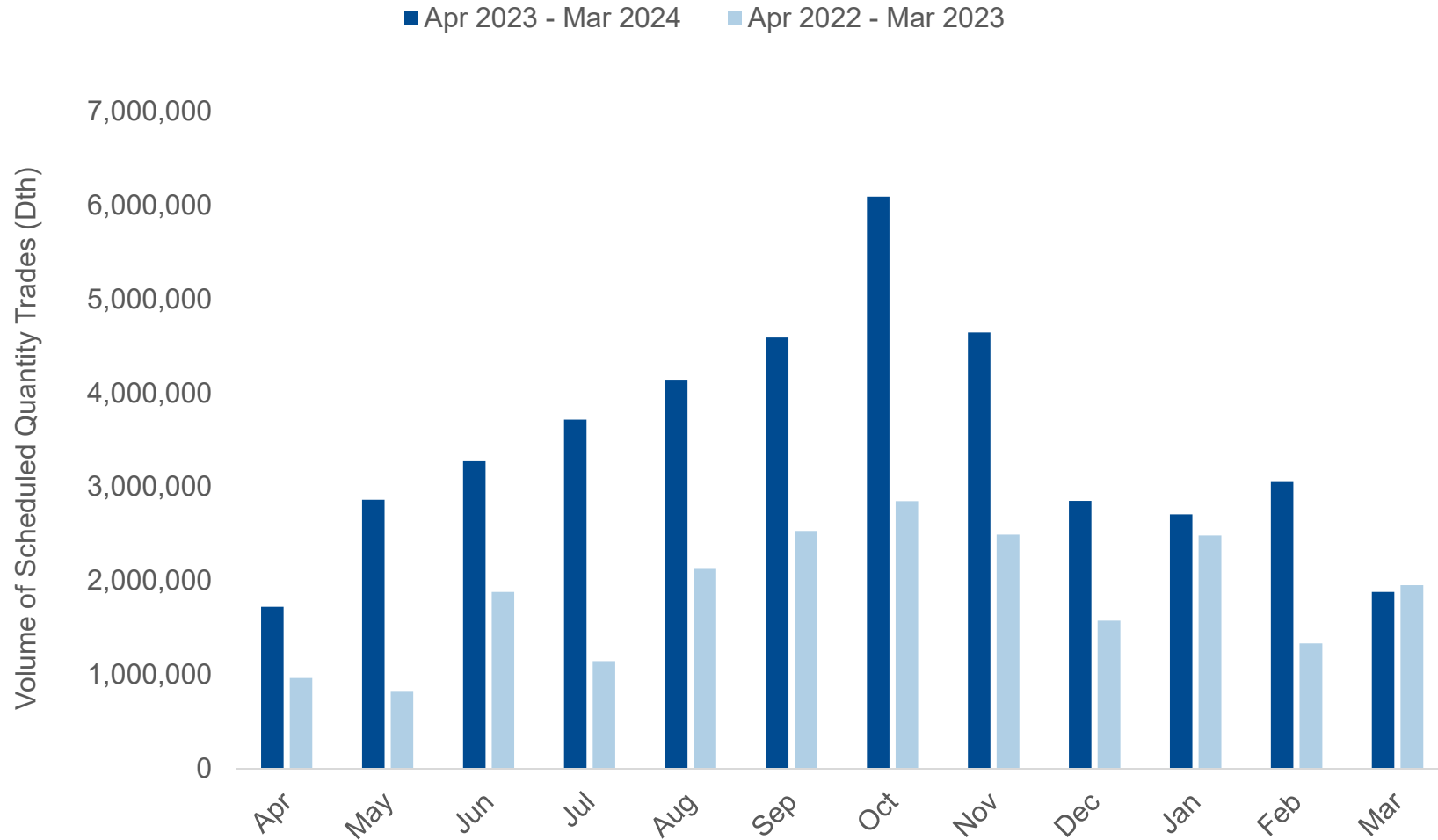
Scheduled Quantity Trades

(Number of Scheduled Quantity Trades)



Scheduled Quantity Trades

(Volume of Scheduled Quantity Trades in Dth)



Envoy Updates

Envoy Updates Scheduled for September 2024

- » The next Envoy release is focused on maintaining a reliable information system for our customers.
- » The next Envoy release also contains some user-facing updates that are summarized on the following slide. A more detailed document will be posted on Envoy prior to the release date.
- » Work will begin on Envoy changes required to implement pending Cost Allocation Proceeding service modifications when authorized.

Envoy Updates Scheduled for September 2024

» Some of the user-facing changes include:

- In the Transaction Ledger screen, users will be able to submit “reciprocal nominations” in the Receipt Point Pool and City Gate Pool (i.e., nominations that are of the pattern: Party A to Party B to Party A).
- In the Available Capacity vs. Scheduled screen, a new column will be added for ‘Total Nomination’.
- In the Reduction Report screen, two columns will be added for ‘Supply Type’ and ‘Market Type’.
- In the Reduction Report screen, user will be able to filter by multiple flow dates and multiple cycles (currently, user may only filter by one flow date and one cycle).
- In the Transaction Ledger screen, user will be able to save up to five views (currently only three views).

Backbone Transportation Service (BTS)

2023 BTS Open Season

- » The Triennial BTS Open Season was conducted June - September 2023.
- » 2.87 million Dth per day of baseload rights were awarded across the three required steps for contracts effective October 1, 2023.
- » SoCalGas is currently required to offer 100% of total firm system capacity during the open season unless the capacity is not available due to a maintenance outage.

BTS Nomination Cuts

- » Concerns have been expressed by BTS customers experiencing prorated nominations due to maintenance outages occurring after the close of the open season process.
- » Mandated safety and inspection requirements can trigger maintenance outages to repair pipeline anomalies when detected.
- » Potential modifications to BTS have been agreed to in a pending all party settlement in the 2024 Cost Allocation Proceeding (CAP) that would provide cost relief to prorated BTS customers currently paying reservation charges for capacity that is not 100% available.

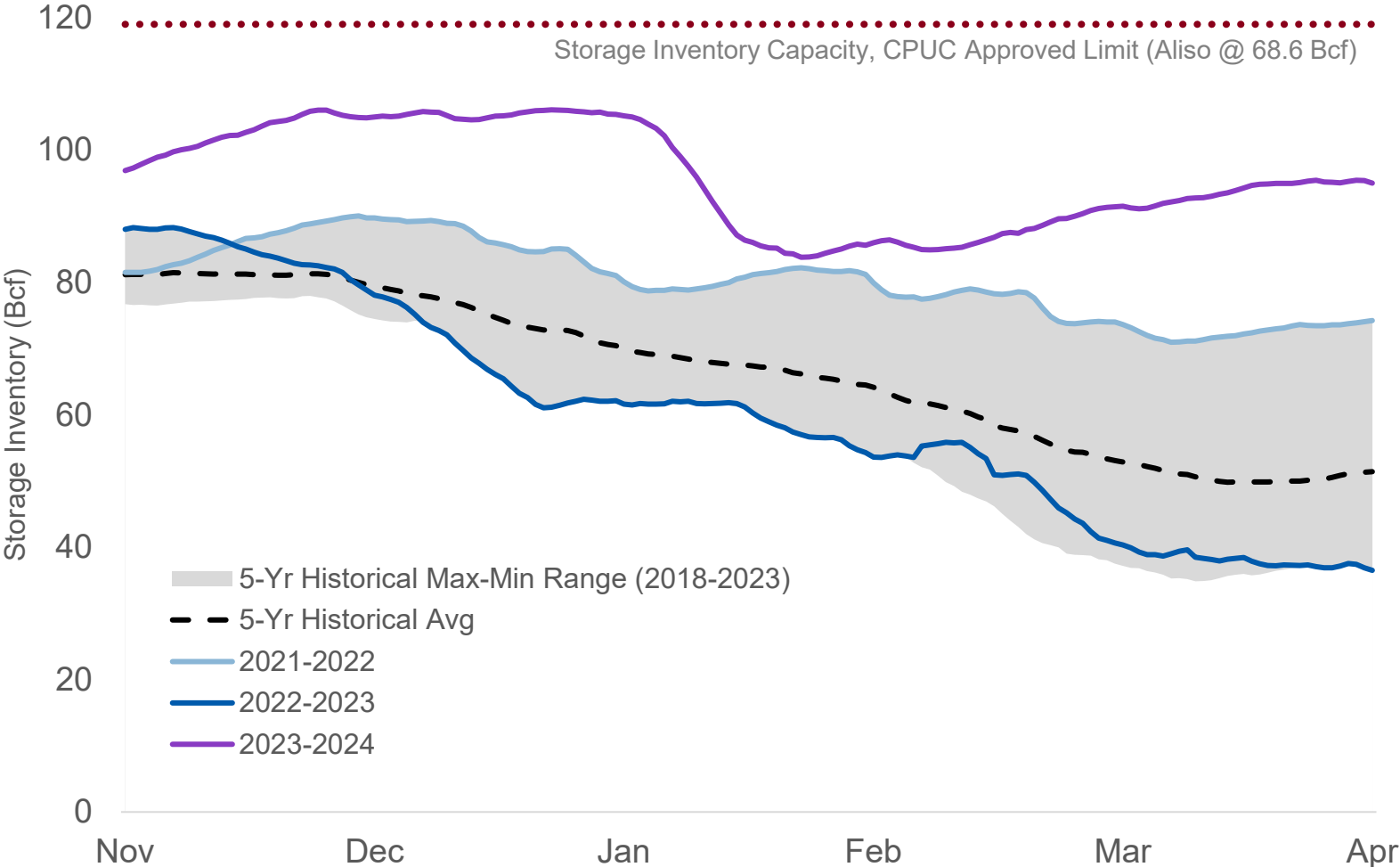
2024 Cost Allocation Settlement

- » A pending all party settlement in the 2024 SoCalGas and SDG&E CAP would modify BTS if approved by the Commission. Requested modifications include:
 - Conversion of the GBTS2 rate and existing BTS2 contracts to a fully volumetric rate within 5 months of Commission approval for terms ending October 1, 2026.
 - Creation of a firm volumetric rate option (GBTS5) effective October 1, 2026.
 - Extension of the next open season term by one month to put the BTS term in line with gas industry seasonal practice.

Operational Updates

Storage Inventory Update

- » Winter 2023-2024 ending storage inventory was 95 Bcf (58 Bcf higher than Winter 2022-2023 ending storage inventory).
- » In August 2023, CPUC authorized Aliso Canyon storage field inventory increase from 41.16 Bcf to 68.6 Bcf (the system-wide maximum inventory increased from 92 Bcf to 119.5 Bcf).
- » In September 2023, CPUC removed the Aliso Canyon Withdrawal Protocol.



SoCalGas Warm Winter 2023-2024

- » This past winter for SoCalGas was relatively warm based on recorded heating degree days (HDDs)¹.
- » The total number of HDDs recorded this past winter was 983 for SoCalGas, which is less than the 1-in-10 Cold Year Condition (1,162 HDDs), and less than SoCalGas Average Year Condition (1,036 HDDs).

¹A heating degree day is equal to the difference between 65°F and the daily mean temperature below 65°F.

SDG&E Cold Winter 2023-2024

- » Conversely, this past winter was relatively cold for SDG&E based on recorded heating degree days (HDDs).
- » The total number of HDDs recorded this past winter was 1,094 for SDG&E, which is slightly higher than the 1-in-10 Cold Year Condition (1,075 HDDs).

Storage Updates (SB 380 Proceeding)

SB380 Proceeding Update

- » 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 ensure 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 CPUC's Energy Division removed the Aliso Canyon Withdrawal Protocol, effective September 15, 2023.
- » The Unbundled Storage Program resumed on September 2, 2023.

Regulatory Updates and Other Items

System Reliability Developments

- » The North Baja Xpress project providing 495,000 Dth/day of firm incremental transportation service to Sempra ECA LNG Liquefaction project (ECA Project) from the EPNG system at Ehrenberg went into service Summer 2023.
- » The ECA Project scheduled COD is Summer 2025.
- » Less supply is expected to be available from the EPNG system at Ehrenberg once the ECA Project goes into full operation.
- » The Commission previously determined in the Long-Term System Planning Proceeding (R.20-01-007) that SoCalGas has reasonable tools available to address current Southern System reliability issues (D.22-07-002).
 - The Commission would not make a determination at the time of the decision on the adequacy of these tools to address potential Southern System Reliability issues raised by construction of the ECA Project.
 - The Commission did indicate that its Staff may revisit the adequacy of these measures as more information becomes available.

Update on 2024 CAP (A.22-09-015) Service Modifications

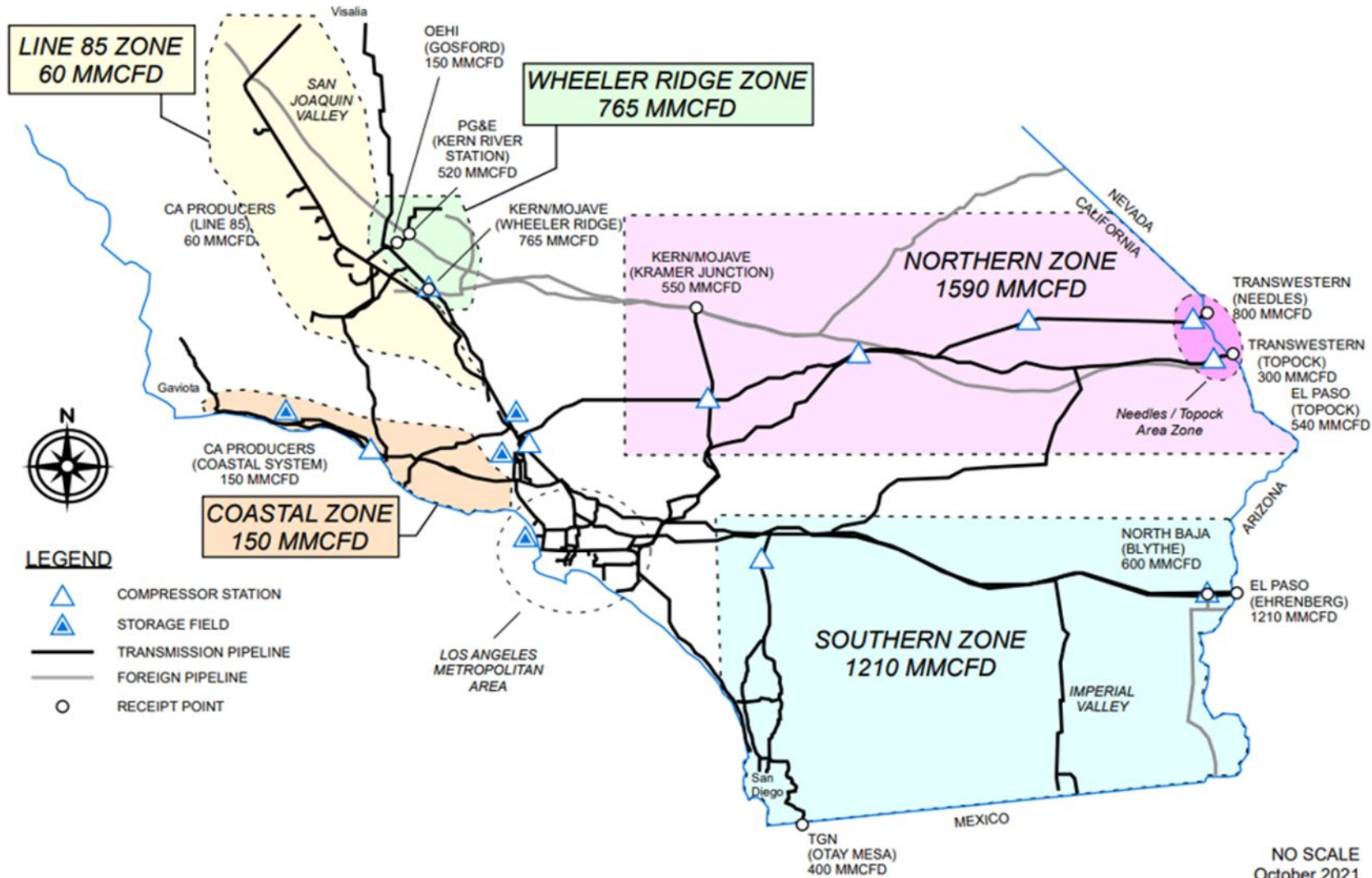
- » Previously discussed Firm Volumetric Rate Options for BTS.

- » Balancing and Storage modifications to be implemented as soon as practicable following Commission approval of the pending 2024 CAP All Party Settlement:
 - Increase monthly imbalance tolerance for over deliveries.
 - Allow Interruptible Nominations from Storage-to-End User and from End User-to-Storage during Cycle 6.

Questions?

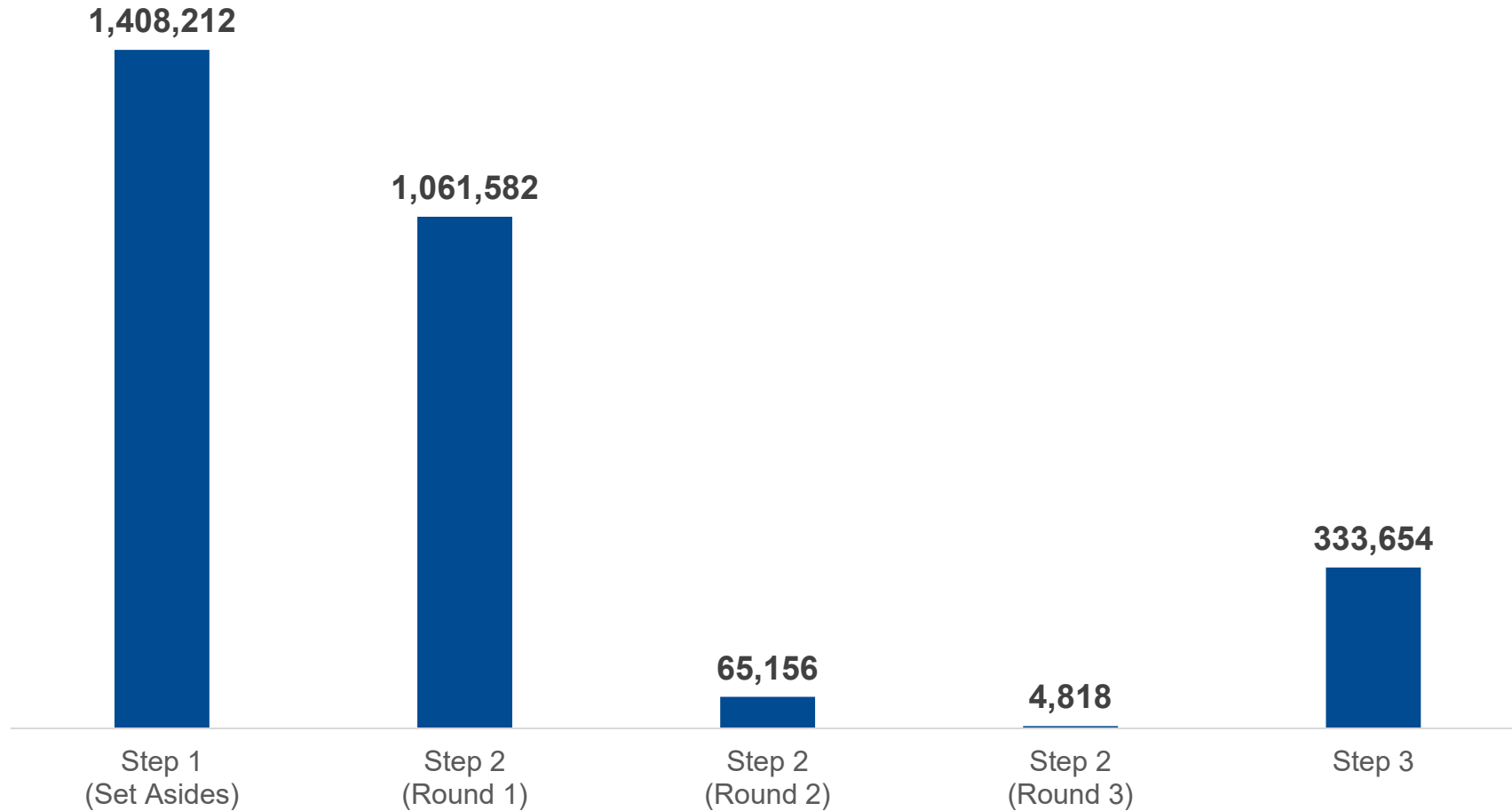
Appendices

RECEIPT POINT & TRANSMISSION ZONE FIRM CAPACITIES



2023 BTS Open Season Results Summary

(Awarded Baseload Rights in Dth/Day)



2023 BTS Open Season Results

(Awarded Baseload Rights in Dth/Day)

| | Step 1 (Set Asides) | Step 2 (Round 1) | Step 2 (Round 2) | Step 2 (Round 3) | Step 3 | Total |
|-------------------------|------------------------|---------------------|---------------------|---------------------|----------------|------------------|
| EPN Ehrenberg | 364,858 | 151,663 | | | | 516,521 |
| NBP Blythe | | 6,479 | | | | 6,479 |
| Otay Mesa | 145,000 | | | | | 145,000 |
| TW North Needles | 227,422 | 219,921 | 2,326 | | 147,371 | 597,040 |
| EPN Topock | 141,667 | 183,931 | 10,180 | | | 335,778 |
| TW Topock | | 10,000 | | | | 10,000 |
| MP/KR Kramer Junction | 66,382 | 167,512 | 24,361 | | 171,743 | 429,998 |
| OEHI Gosford | 93,172 | | | | | 93,172 |
| PG&E Kern River Station | 59,912 | 77,671 | 17,221 | | | 154,804 |
| KR/MP Wheeler Ridge | 216,144 | 244,405 | 11,068 | 4,818 | | 476,435 |
| CP-Wheeler Ridge | 21,249 | | | | | 21,249 |
| Line 85 | 53,460 | | | | 10,540 | 64,000 |
| Coastal | 12,400 | | | | 2,000 | 14,400 |
| Other | 6,546 | | | | 2,000 | 8,546 |
| Total | 1,408,212 | 1,061,582 | 65,156 | 4,818 | 333,654 | 2,873,422 |