PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Item #38 (Rev.1)
AGENDA ID 15059

ENERGY DIVISION **RESOLUTION G-3518**
August 18, 2016

R E S O L U T I O N

Resolution G-3518. Southern California Gas Company Request to Modify Tariff for Off-System Delivery Service Imbalances on High Operational Flow Order Days.

PROPOSED OUTCOME:

- Approves with modifications the Southern California Gas Company's (SoCalGas) request to revise to its Schedule No. G-OSD to apply Buy-Back charges for Off-System Delivery contract imbalances incurred on gas flow days on which a High Operational Flow Order (High OFO) has been declared.

SAFETY CONSIDERATIONS:

- Modifying G-OSD closes a loophole that has the potential to exacerbate overdeliveries of natural gas to the SoCalGas system on High OFO days. Preventing overdeliveries will help avoid the safety impacts associated with excess pipeline pressure.

ESTIMATED COST:

- The cost of complying with High OFOs may increase for noncore customers who were previously taking advantage of the loophole or who experience an unforeseen problem in scheduling Off-System Delivery service.

By Advice Letter 4976-G, filed on June 13, 2016.

SUMMARY

In Advice Letter 4976-G, SoCalGas requests authority to revise its Schedule No. G-OSD for Off-System Delivery Service (OSD). Under the proposed rule, on days in which a High Operation Flow Order (OFO) has been declared, Buy-Back

Charges would be applied to any positive Off-System Delivery imbalances remaining at the end of the gas day. Customers currently have three business days to clear OSD imbalances before Buy-Back Charges are applied.

SoCalGas is concerned that on High OFO days, when customers are required to closely match their daily gas delivery with their gas burn or face Buy-Back Charges, shippers could nominate excess gas to OSD without securing delivery out of the system. By doing so, they would gain additional time to balance gas deliveries before incurring Buy-Back Charges. This loophole could undermine SoCalGas's efforts to ensure reliability by keeping the gas system in balance.

This resolution approves SoCalGas's request for authorization to revise Schedule No. G-OSD, with the following modifications:

1. SoCalGas shall update the nomination cycle in Special Condition 13 of Schedule No. G-OSD from "Cycle 4" to "Cycle 5" to reflect the nomination cycle that was added to the gas day on April 1, 2016.
2. SoCalGas's 2017 Customer Forum Report shall include an analysis of SCE's proposal for aggregating OSD and on-system imbalances that contains the following elements:
    a. Data comparing historical nominations to OSD on High OFO vs. non-High OFO days;
    b. A description of the regulatory and scheduling system modifications that would be required to aggregate customers' OSD and on-system imbalances; and
    c. A timeline and cost estimates for those modifications.
3. SoCalGas's 2017 Post-Forum Report shall include a description of customer feedback to the aggregation proposal.

BACKGROUND

Off-System Delivery Service (OSD) was authorized by Decision (D.) 06-12-031, which allowed delivery to the Pacific Gas & Electric Company (PG&E). D.11-03-029 expanded OSD to all other pipeline interconnections.

OSD is defined as "the transfer, through displacement or actual flow, of gas supplies to customers outside of SoCalGas/SDG&E service territories."[1] On-system deliveries, in contrast, are those in which gas is moved through the SoCalGas system to end-use customers in the SoCalGas service territory.

An on-system customer can execute an Off-System Delivery by flowing actual gas molecules through the SoCalGas system to another party ready to receive the gas on an off-system pipeline. Alternately, a customer can complete a paper transaction to displace gas. In this case, no gas is moved out of the system. Rather, gas is kept from entering the system because gas that would have been delivered to a SoCalGas interconnection point is diverted to another off-system party.

In D.11-03-029, the Commission considered the potential impact of OSD on on-system customers and found it to be negligible since "firm and interruptible OSD services are to be second in priority to all on-system demand and services."[2] Conclusion of Law 9 states that OSD will be curtailed "if it creates or worsens a minimum flow condition or it imposes other operational costs to on-system customers."[3]

Pursuant to D.11-03-029, customers who nominate gas to OSD are allowed three days to resolve any imbalances. At the end of three days, any gas nominated into OSD that has not been accepted by a party outside the SoCalGas system (positive imbalance) is subject to Buy-Back Charges. Any gas that has not been made available for an agreed-upon, off-system delivery (negative imbalance) is subject to Standby Procurement Charges. The method for calculating both Buy-Back and Standby Procurement Charges is described in the Schedule G-IMB tariff.

Due to the leak at the Aliso Canyon gas storage facility, SoCalGas's ability to use storage to balance the difference between gas delivered into the system and gas used by customers has been substantially reduced.

[1] D-11-03-029, pp. 5-6.

[2] D.11-03-029, p. 16.

[3] D-11-03-029, p. 47.

On October 23, 2015, a major gas leak was discovered at the Aliso Canyon gas storage facility. On January 21, 2016, the Commission ordered SoCalGas to reduce the amount of working gas in storage to 15 billion cubic feet (Bcf). At this time, SoCalGas is not allowed to inject gas into any of the wells at this facility. Without Aliso Canyon operating at full capacity, SoCalGas's ability to use storage to balance the difference between gas delivered into the system and gas used by customers has been substantially reduced.

To function safely and effectively, gas pipelines must operate within a specific range of pressures. If not enough gas is delivered into the system, the pressure declines, which can cause gas to flow more slowly or to not flow at all. If too much gas is delivered into the system, the pressure increases. To ensure safe operations, gas utilities must keep the pressure below the maximum allowable operating pressure for which each pipeline is certified. Thus, if excess gas deliveries push pipeline pressure toward the danger zone, utilities must take measures to decrease the amount of gas flowing into their systems.

The SoCalGas system has two non-emergency methods for dealing with overdeliveries: excess gas can be injected into storage, and/or a High Operational Flow Order can be declared. When a High OFO is declared, the utility specifies the imbalance tolerance for that day as a percentage of customer burn. If the imbalance tolerance is 110 percent, customers who bring in more than 110 percent of the gas they actually burn that day will be subject to a financial penalty in the form of a Buy-Back Charge on that excess gas. In effect, the utility purchases the extra gas from the customer at a rate that is typically about half the normal price.

SoCalGas's total system injection capacity has declined because of its inability to inject gas into Aliso Canyon. Therefore, the utility has to depend more heavily on High OFOs to manage overdeliveries of gas.

In recognition of the increased need to manage overdeliveries while Aliso Canyon is not fully operational, the Commission approved temporary daily balancing rules in D.16-06-021. Among other provisions, the Decision authorized SoCalGas to reduce the default High OFO tolerance to 105 percent. The purpose of the modified High OFO is to incentivize customers to match their gas deliveries with their gas burn so that the system as a whole stays in balance.

The current Off-System Delivery rules could undermine the effectiveness of a High OFO by allowing customers to "park" gas in their OSD account for three days without incurring Buy-Back Charges.

NOTICE

Notice of AL 4976-G was made by publication in the Commission's Daily Calendar. SoCalGas states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

SoCalGas's Advice Letter AL 4976-G was timely protested by Southern California Edison on July 5, 2016.

SoCalGas filed a timely reply to SCE's protest on July 12, 2016.

SCE Protest
Southern California Edison raises three objections to SoCalGas's proposal.

1. SCE argues that a customer's Off-System Delivery and on-system imbalances should be aggregated; Buy-Back Charges should only be applied if the aggregate imbalance is greater than the High OFO tolerance.

SCE provides the following example to illustrate its concerns:

- A High OFO is called with a tolerance of +5%
- A shipper actually burns 100,000 MMBtu on that day
    - The High OFO tolerance is 5,000 MMBtu
- The shipper's total receipts on the High OFO day are 105,000 MMBtu

> Under the SoCalGas proposal in Advice 4976-G, if the hypothetical shipper were to attempt to move 5,000 MMBtu of its supply to an OSD that was not cleared by the end of the day, the 5,000 MMBtu in

> the OSD account would be subject to the Buy-Back, even though the shipper was within its High OFO tolerance. [4]

To remedy this concern, SCE recommends that Buy-Back Charges be based on the combined total of customers' OSD and on-system imbalances on High OFO days.

2. SCE contends that Advice Letter 4976-G is not consistent with SoCalGas Rule 1 and Schedule G-IMB.

SCE notes that Schedule G-IMB applies, "when usage differs from transportation to the Utility's system."[5] SCE further points out that Rule 1 defines balancing service as, "Best-efforts service to accommodate imbalances between actual Customer usage and Customer-owned gas delivered to the Utility."[6]

SCE then maintains that, based on the above definition of balancing service, Rule 1 directs SoCalGas to include any OSD imbalance in the daily imbalance calculation.[7]

3. SCE recommends that nomination Cycle 5 be used in SoCalGas Schedule No. G-OSD.

SCE asserts that Special Condition 13 of Schedule No. G-OSD should be updated. The sentence in question currently reads:

> A Customer's OSD imbalance is defined as the difference between the quantity of gas scheduled into its OSD Contract and the quantity of gas scheduled out of its OSD Contract following Cycle 4 on any given flow day.

SCE notes that SoCalGas added a new nomination cycle — Cycle 5 — on April 1, 2016, which is now the last intraday cycle. SCE therefore requests

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[4] SCE protest of AL 4976, p. 2.

[5] SoCalGas Schedule G-IMB, effective December 3, 2015, Description of Service, at Sheet 1.

[6] SoCalGas Rule No. 1, effective February 21, 2015, Definitions, at Sheet 1.

[7] SCE protest of AL 4976, p. 4.

that the reference to "Cycle 4" in Special Condition 13 be changed to read "Cycle 5."

SoCalGas Reply
In its reply, SoCalGas responded directly to two of SCE's three objections.

1. SoCalGas argues that OSD and on-system imbalances should not be aggregated, at least in the short term.

SoCalGas points out that in D.11-03-029, the Commission authorized interruptible OSD Service on the condition that it would "not result in any adverse operational impacts to on-system customers."[8] SoCalGas argues that allowing customers to park overdeliveries in their OSD accounts on High OFO days would adversely impact on-system customers. Therefore, if SoCalGas is unable to eliminate the OSD loophole, it will be forced to temporarily eliminate OSD service in order to comply with the Commission's mandate in D.11-03-029.

While SoCalGas acknowledges that aggregating OSD and on-system customer imbalances could be beneficial in the long term, its current balancing rules and scheduling system do not allow for such aggregation. Requiring aggregation in the near term would cause SoCalGas to suspend OSD service.

2. SoCalGas maintains that SCE's claim that proposed changes to G-OSD are inconsistent with Rule 1 has no merit.

SoCalGas asserts that D.11.03-029 "authorized SoCalGas to treat OSD shipper imbalances separately from end-user transportation imbalances."[9] The utility also notes that neither Rule 1 nor any other tariff states that OSD and on-system imbalances should be aggregated.

3. SoCalGas does not directly respond to SCE's third objection, that Cycle 5 should be used in G-OSD.

Rather, the utility says:

[8] D.11-03-029, Ordering Paragraph 1, p. 49.

[9] SoCalGas's Reply to SCE's Protest of AL 4976, p. 2.

> Shippers have five nomination cycles during the High OFO gas day to ensure the upstream pipeline confirms their off-system nomination. If a shipper is unable to ensure its nomination will be confirmed by Cycle 5, it can correct its nomination transaction and redirect its gas supplies.

While the language is ambiguous, SoCalGas acknowledges that OSD customers have until Cycle 5 to clear their imbalances.

DISCUSSION

With the Aliso Canyon gas storage facility unable to fulfill its usual role in balancing the amount of gas on the SoCalGas system, it is critical that all customers strive to match their daily gas deliveries with their daily gas burn.

In recognition of this fact, D.16-06-021 reduced the maximum High OFO tolerance to 105 percent. In AL 4976-G, SoCalGas identified a loophole that allows customers to evade the daily balancing requirements by nominating gas to their OSD accounts without securing an agreement with another party willing to receive that gas from the SoCalGas system. Once gas is nominated to their OSD account, customers have three days to rectify the imbalance.

Allowing some customers to game the system by using the OSD loophole undermines SoCalGas's efforts to ensure reliability for all customers.

Therefore, SoCalGas should be allowed to modify Schedule G-OSD as described in Attachment A to AL 4976-G.

SCE's proposal to aggregate OSD and on-system imbalances may have merit in the long term. However, making changes to SoCalGas's rules and computer systems would take an unknown, but likely considerable, amount of time to complete.

Given the immediate threat to reliability caused by the inability to inject gas into Aliso Canyon, it would be unwise to delay closing the OSD loophole by insisting on such changes at this time.

SoCalGas should provide an analysis of SCE's proposal in its 2017 report for the annual San Diego Gas & Electric (SDG&E)/SoCalGas Customer Forum.

In D.09-11-006, the Commission requires SDG&E and SoCalGas to hold an annual Customer Forum in which the utilities hold a structured discussion of gas system reliability with interested parties. SDG&E/SoCalGas are required to prepare an annual report on system reliability, which must be posted to their websites at least two weeks prior to the Forum. In the report, the utilities must "identify potential tools and/or infrastructure improvements that can be used to mitigate new or existing reliability problems (*e.g.* minimum flow requirements and OFOs)."[10] No later than 60 days after the Forum, the utilities are required to submit a post-Forum Report to the Commission by Advice Letter.

The 2017 Customer Forum Report should include an analysis of SCE's proposal for aggregating OSD and on-system imbalances that contains the following elements:

1. Data comparing historical nominations to OSD on High OFO vs. non-High OFO days;
2. A description of the regulatory and scheduling system modifications that would be required to aggregate customers' OSD and on-system imbalances; and
3. A timeline and cost estimates for these modifications.

The Post-Forum Report should include a description of customer feedback to the aggregation proposal.

Aggregation is not required by SoCalGas Rule 1.

Southern California Edison's argument that SoCalGas Rule 1 requires the aggregation of OSD and on-system imbalances is difficult to follow and unconvincing. Rule 1 simply defines balancing service as "Best-efforts service to accommodate imbalances between actual Customer usage and Customer-owned gas delivered to the Utility." The plain language definition suffices here: there is no requirement that OSD and on-system imbalances be aggregated.

[10] D.09-11-006, Appendix A, p. 3.

Nomination Cycle 5 should be used in SoCalGas Schedule No. G-OSD.

SoCalGas's proposed changes to Schedule No. G-OSD in Attachment A are as follows:

> OSD imbalances shall be resolved in accordance with the terms of Schedule No. G-IMB if they are not cleared by the following deadlines: (1) **end of the flow day** for positive OSD imbalances on gas flow days in which a High OFO has been declared; and (2) three (3) business days after the flow day when the OSD imbalance occurred for all other imbalances. *(Emphasis added.)*

Since the flow day now ends with Cycle 5, Special Condition 13 of Schedule No. G-OSD should be changed to read "Cycle 5."

COMMENTS

On January 6, 2016, Governor Brown declared a State of Emergency due to the Aliso Canyon leak, which gives the Commission broad powers to ensure the reliability of the natural gas system.

Article 10 of the emergency order states:

> The California Public Utilities Commission and the California Energy Commission, in coordination with the California Independent System Operator, shall take all actions necessary to ensure the continued reliability of natural gas and electricity supplies in the coming months during the moratorium on gas injections into the Aliso Canyon Storage Facility.

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived "in an unforeseen emergency… ." The Commission's Rules of Practice and Procedure also provides that public review and comment may be waived or reduced in an "unforeseen emergency situation" specifically where there are "[a]ctivities that severely impair or threaten to severely impair public health or safety…" (Rule 14.6(a)(1) and/or where there are "[c]rippling disasters that severely impair public health or safety" (Rule 14.6(a)(2)).

Allowing some customers to game the system by using the OSD loophole undermines SoCalGas's efforts to ensure reliability for all customers. With the withdrawal capacity at the Aliso Canyon gas storage facility limited due to the leak incident and no ability to inject gas at this time, it is important to make sure that the balancing requirements are met as intended. To ensure reliability of the gas and electric system in Southern California this summer, the ordinary comment period for this Draft Resolution was thus reduced to seven days pursuant to these authorities.

On August 4, 2016, Southern California Edison (SCE) and the Southern California Generation Coalition (SCGC)[11] submitted joint comments on the draft resolution.

In the joint comments, SCE and SCGC request that the Commission modify Draft Resolution G-3518 to require that SoCalGas develop an interim method for aggregating OSD and on-system imbalances on High OFO days.

SCE and SCGC made three central arguments in their joint comments:

a. SCE and SCGC maintain that the record does not support the finding that daily Buy-Back Charges during High OFOs would improve reliability.

b. SCE and SCGC claim that SoCalGas has not proven that an information technology system is required or, if it is required, that it would be costly.

c. SCE and SCGC argue that applying automatic Buy-Back to noncore OSD imbalances during High OFOs will not necessarily improve gas system reliability.

Lastly, SCE and SCGC request that the Commission modify the "Estimated Cost" summary in the final Resolution if the Commission does not require the aggregation of OSD and on-system imbalances.

[11] The Joint Comments erroneously refer to SCGC as the Southern California Generation *Council.* The correct name is the Southern California Generation Coalition.

The Commission believes it was prudent for SoCalGas to seek to close the loophole as soon as possible.

SCE and SCGC are correct that SoCalGas did not provide data on the usage of the loophole during High OFOs in AL 4976-G, which was filed on July 12, 2016, approximately one month after D.16-06-021 authorized SoCalGas to reduce the default High OFO imbalance tolerance. That decision provided for a gradual implementation of the new High OFO rules in which the initial Buy-Back Rate would be double the standard Buy-Back rate through July 1, 2016.

The standard Buy-Back rate is defined as follows in Schedule G-IMB:

> 1) the lowest incremental cost of gas purchased by Utility during the month the excess imbalance was incurred; or 2) 50% of the applicable Adjusted Core Procurement Charge, G-CPA, set forth in SoCalGas Schedule No. G-CP, during the month such excess imbalance was incurred.

In practice, the Buy-Back Rate is usually 50 percent of the Adjusted Core Procurement Charge. Double the Buy-Back Rate is approximately 100 percent of the cost of gas, which is not a real penalty.

Therefore, until July 2, 2016, customers had no incentive to use the OSD loophole. That left a 10-day period between the end of the interim Buy-Back Rate and the date the Advice Letter was filed for SoCalGas to realize that the loophole was being used and collect data.

It is prudent for SoCalGas to seek to close the loophole as soon as possible, without waiting to collect more data, given the urgent need to ensure that customers balance their deliveries with their burn while Aliso Canyon is not operating at full capacity.

SCE's and SCGC's assertion that SoCalGas did not use the word "reliability" in the Advice Letter or the reply is misplaced.

In the Advice Letter Summary, SoCalGas chose "Reliability" as one of two keywords used to describe AL 4976-G. In its reply to the SCE protest, SoCalGas used the word "reliability" twice. Beyond a mere word count, the sense of the

Advice Letter clearly indicates that it pertains to reliability. SoCalGas states that "OSD positive imbalances have the potential to exacerbate overdeliveries on High OFO days." A High OFO is called because overdeliveries pose a threat to system reliability.

The record does not support SCE's and SCGC's claim that closing the loophole removes a method for relieving excess gas supplies on High OFO days.

SCE's and SCGC's claim that "making OSD service less attractive to shippers could decrease gas system reliability by removing one method to relieve excess gas supplies on High OFO days,"[14] is overstated. First, if customers transfer gas into their OSD accounts without removing it from the system, they are not relieving excess gas supplies. Second, closing the OSD loophole does not preclude customers from using OSD service to redirect excess gas. It does require them to exercise reasonable care in ensuring that OSD transactions are completed as expected.

In their comments, SCE and SCGC imply that there may be some circumstances in which, despite their best efforts, customers are unsuccessful in transferring gas out of their OSD accounts. However, the record does not include any examples of what those circumstances might be.

Given the vulnerability of the SoCalGas system attributable to Aliso Canyon, the Commission may be interested in exploring the issues SCE and SCGC raised. However, the Commission is reluctant to require SoCalGas to make computer system changes with unknown costs and benefits without more information. For these reasons, we are directing SoCalGas to provide an analysis of SCE's proposal in its Customer Forum Report and to describe customer feedback to the aggregation proposal in its Post-Forum Report.

In SoCalGas's reply to SCE's protest, the utility made the following statement:

> SCE's proposal to aggregate a customer's on-system and OSD imbalances on High OFO days would require major surgery to both our current balancing rules and our scheduling system. While there

[14] Joint Comments of SCE and SCGC on Draft Resolution G-3518, p. 2.

> may be some potential merit in aggregating OSD and on-system customer imbalances on High OFO days on a long-term basis, with appropriate cost recovery for any and all required IT costs, there is no practical way to implement such a change in the short term. If our proposed changes to G-OSD are not adopted, SoCalGas will have no choice but to temporarily suspend OSD service in order to prevent OSD customers from endangering system reliability.

As noted above, D.11-03-029 states that OSD is to be second in priority to all on-system services and requires that SoCalGas curtail OSD service if it imposes operational costs to on-system customers. A delay in closing the loophole could cause SoCalGas to suspend OSD service and thus reduce options to customers.

Energy Division staff discussed the computer system difficulties with SoCalGas and understands that the OSD and on-system scheduling systems are currently unlinked

Given these circumstances, requiring SoCalGas to provide an analysis of SCE's proposal in its Customer Forum Report and to describe customer feedback to the aggregation proposal in its Post-Forum Report is a reasonable compromise.

SCE and SCGC have not provided a clear explanation in the record as to why customers who are within their High OFO tolerance for on-system gas would nominate gas to OSD without a corresponding agreement with an upstream pipeline.

As SoCalGas notes in its reply to SCE's original protest:

> Shippers have five nomination cycles during the High OFO gas day to ensure the upstream pipeline confirms the off-system nomination. If a shipper is unable to ensure its nomination will be confirmed by Cycle 5, it can correct its nomination transaction and redirect its gas supplies.[17]

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[17] SoCalGas Reply to SCE's protest of AL 4976-G, p. 3.

SCE and SCGC do not explain in their protest or their comments why five nomination cycles are insufficient to resolve an OSD imbalance. It is also unclear from the record why customers who are within their High OFO tolerance would nominate gas to OSD.

The "Estimated Cost" summary has been revised to note that costs may go up not just for customers taking advantage of the loophole, but also for some customers that experience an unforeseen problem in scheduling OSD service.

While SCE and SCGC have not provided evidence in the record that customers could experience an unforeseen problem in scheduling OSD service, we are willing to accept that such a scenario is possible. Therefore, the "Estimated Cost" language has been changed.

FINDINGS

1. SoCalGas filed Advice Letter 4976-G on June 13, 2016, to request authorization to change its Schedule No. G-OSD to apply Buy-Back Charges for Off-System Delivery (OSD) contract imbalances incurred on gas flow days on which a High Operational Flow Order (High OFO) has been declared
2. Under current rules, Off-System Delivery Customers have three business days to clear imbalances by nominating gas into or out of their OSD imbalance account.
3. Uncleared, positive OSD imbalances are subject to Schedule G-IMB Buy-Back Charges, and uncleared, negative OSD imbalances are subject to the Standby Procurement Charge for noncore retail service.
4. The leak at the Aliso Canyon gas storage facility reduced SoCalGas's ability to use storage for daily balancing.
5. In recognition of the increased strain on the SoCalGas system caused by the reduced availability of Aliso Canyon, D.16-06-021 temporarily lowered the High OFO tolerance to 105 percent.
6. Under current High OFO rules, if customers' daily gas delivery exceeds their burn by more than the declared High OFO tolerance, Buy-Back Charges are applied to the excess gas.
7. The current OSD rules provide a loophole in which OSD customers can nominate gas into their OSD imbalance account without a corresponding nomination to an upstream pipeline on High OFO days, thereby avoiding Buy-Back Charges.

8. Closing the OSD loophole may improve gas system reliability.
9. Aggregating OSD and on-system imbalances would require changes to SoCalGas's rules and computer systems, which could take a considerable amount of time.
10. The uncertainty surrounding Aliso Canyon has made gas system reliability a critical concern during the summer of 2016 and the winter of 2016-17.
11. Delaying the closure of the OSD loophole to make changes to SoCalGas's rules and computer systems could increase reliability risk in the coming months.
12. Aggregating OSD and on-system imbalances may be a valid long-term goal.
13. SoCalGas should include an analysis of the measures that would be needed to institute aggregation as well as cost estimates in its 2017 Customer Forum Report.
14. SoCalGas should describe customer feedback to the aggregation proposal in its 2017 Post-Forum Report.
15. SoCalGas Rule No. 1 does not require the aggregation of OSD and on-system imbalances.
16. Special Condition 13 of Schedule No. G-OSD should be changed to read: "A Customer's OSD imbalance is defined as the difference between the quantity of gas scheduled into its OSD Contract and the quantity of gas scheduled out of its OSD Contract following **Cycle 5** on any given flow day." *(Emphasis added.)*

THEREFORE IT IS ORDERED THAT:

1. SoCalGas's request to revise Schedule No. G-OSD as described in Advice Letter AL 4976-G is approved, with modifications.
2. In its 2017 Customer Forum Report, SoCalGas shall include an analysis of SCE's proposal for aggregating OSD and on-system imbalances that contains the following elements: 1) Data comparing historical nominations to OSD on High OFO vs. non-High OFO days; 2) A description of the regulatory and scheduling system modifications that would be required to aggregate customers' OSD and on-system imbalances; and 3) A timeline and cost estimates for these modifications.
3. In its 2017 Post-Forum Report, SoCalGas shall describe customer feedback to the aggregation proposal.
4. Special Condition 13 of Schedule No. G-OSD shall be changed to read: "A Customer's OSD imbalance is defined as the difference between the quantity of gas scheduled into its OSD Contract and the quantity of gas scheduled out of its OSD Contract following Cycle 5 on any given flow day."

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 18, 2016; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director